

*DEAKIN  
UNIVERSITY  
ANNUAL  
REPORT*

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2007

Report of operations and audited financial statements  
for the year ended 31 December 2007

20 March 2008

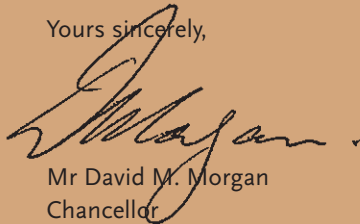
The Honourable Jacinta Allan, MP  
Minister for Skills and Workforce Participation  
Level 36, 121 Exhibition Street  
Melbourne VIC 3000

Dear Minister,

In accordance with the requirements of regulations under the *Financial Management Act 1994*, I have pleasure in presenting to you, on behalf of the Deakin University Council, the Deakin University Annual Report 2007.

This Annual Report was approved at a Council meeting held on 20 March 2008.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D Morgan', is written over the typed name and title.

Mr David M. Morgan  
Chancellor

# Mission

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Deakin University's teaching and learning, its research, its partnerships and its international programs will be:

- > Relevant,
- > Innovative, and
- > Responsive.

Deakin will be recognised as Australia's most progressive University.

# Core commitments

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Deakin University has three core commitments that shape its distinctive position in higher education in Australia. In pursuing its mission and goals, Deakin takes account of its core commitments to:

- > Rural and regional engagement,
- > Continuing education and life-long learning, and
- > Equity and access for individuals and groups who might not otherwise enjoy the benefits that flow from participation in higher education.



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# **Report of operations**





# Deakin University—profile

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## History

Deakin University is committed to rural and regional engagement, to continuing education and life-long learning and to access and equity. These commitments and Deakin University's unique position as a leader in the provision of high quality distance education programs, flexible learning and professional development courses can be traced back to its history and origins.

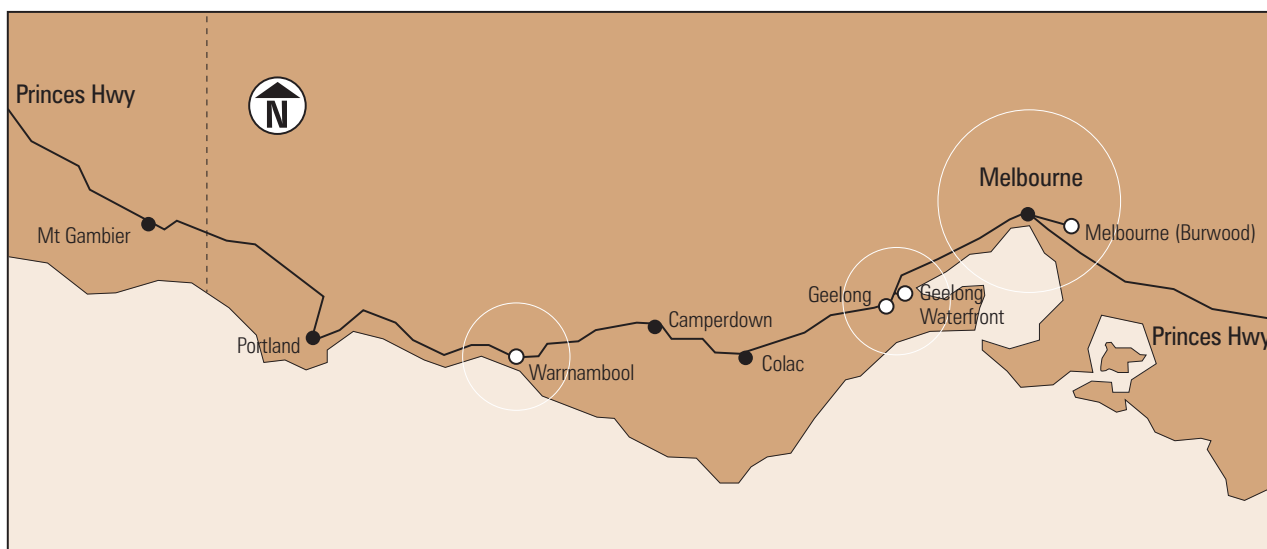
The *Deakin University Act 1974 (Vic)* established Deakin as a 'university in the Geelong area'; one of its main tasks as set out in the Act was to provide 'the opportunity for tertiary education at the university level to all qualified persons whether within or outside Victoria by means of external studies programmes'.

Deakin now conducts its activities in metropolitan Melbourne and rural and regional south-western Victoria. Two of its Campuses are in Geelong, Victoria's largest regional city. The Geelong Waterfront Campus, opened in 1996, is the location

of the University's head office. This Campus is housed in an award-winning renovation of an old woolstores building; it has contributed to the revival of Geelong's waterfront. The Geelong Campus at Waurin Ponds is where teaching first began at Deakin University in 1977.

In 1990 Deakin consolidated its presence in south-western Victoria, merging with the Warrnambool Institute of Advanced Education to create the Deakin University Warrnambool Campus.

Deakin's metropolitan presence results from its 1991 merger with Victoria College. During 2007, Deakin's metropolitan operations have been consolidated at the Melbourne Campus at Burwood with the transfer of all operations from the Melbourne Campus at Toorak being completed by December 2007.



# The year in review

This year's annual report is particularly significant for Deakin University. It not only provides an account of a very successful year, but also marks the completion of activities that have guided the University over the past five years as it has implemented its Strategic Plan, 'Taking Deakin University Forward'. This plan guided the University from 2003–2007. During this time, Deakin's achievements have included:

- > improved demand for Deakin's teaching programs and growth in student numbers
- > growth in staff numbers, particularly academic staff, at a rate higher than the rate of growth in student numbers
- > the establishment of a scholarship program to advance Deakin's core commitments to access and equity and rural and regional engagement
- > approval to establish a medical school
- > a renewed focus on excellence in teaching
- > allocation of resources aimed at the long-term improvement of research
- > increased recurrent discretionary revenue which has underpinned much of the above as well as funding a most significant building program.

In 2007, Deakin placed special emphasis on five key priorities: improving the quality of teaching and learning, improving research performance, increasing revenue from international fee-paying and domestic fee-paying students, improving demand for Commonwealth-supported students, and enhancing financial management and resource efficiency. Achievements in these areas have been considerable and in some instances the outcomes will have a profound impact on the future of Deakin University.

Exciting new plans have been developed for teaching and learning at Deakin. Drawing on the findings of an external review undertaken by PhillipsKPA, Deakin has set itself the goal of becoming a national leader in teaching and learning, especially through flexible delivery. Deakin will progressively implement an integrated 5-to-10-year program of change that will improve the student experience and the engagement of students in academic activities. The ambitious plans capitalise on Deakin's existing strong capabilities in flexible course delivery.

So far as research is concerned, Deakin recognises that it is at a stage in its development where it must continue to build its areas of research strength as well as broaden its research base. In 2007 significant funding was allocated to support plans for 2008–2010 to enable research and research training, facilitate partnerships in research, build critical mass and encourage collaboration across discipline boundaries. Deakin aims to be at the heart of the economic transformation of the greater Geelong region and to lead the way in industry–university collaboration.

Forging international research partnerships is critical to the success of these plans. In 2007, Deakin formalised a partnership with Biocon Limited, one of India's largest biotechnology companies, to work with it on a number of research related matters.



Professor Sally Walker, Vice-Chancellor of Deakin University

Deakin has achieved excellent results in student recruitment. These reflect favourably on the University's processes for continually reviewing its course offerings to ensure current relevance. In 2007 international student load at Deakin increased by more than 5% (compared with an average annual growth rate of 4% nationally); domestic fee-paying student load increased by 17%; and Deakin experienced an increase in first preference applications for 2008 Commonwealth-supported places of almost 6% (compared with a decline of more than 3% across Victoria).

Major improvements in financial management and in business planning processes were implemented in 2007. These changes, combined with Deakin's success in increasing sources of recurrent discretionary revenue, have enabled the University

to invest in initiatives that will transform its future. The changes were brought about by concentrating on actions designed to advance Deakin's mission, core commitments and goals and by the hard work of the staff who have so strongly supported the University's plans.

Deakin can take great pride in its achievements in the 2003–2007 planning period and it is well placed to embrace new challenges as it enters its next strategic planning phase covering the period 2008–2012.

A handwritten signature in black ink that reads "Sally Walker." The signature is written in a cursive, flowing style.

Professor Sally Walker  
Vice-Chancellor

# Planning for success

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## Taking Deakin University forward

### **Planning and continuous quality improvement**

Deakin aims for excellence in all of its activities. The University is committed to continuous quality improvement to support and advance its teaching and learning programs, its contribution to research, the development of its staff and students, and its infrastructure.

Deakin's strategic and operational planning framework has contributed to a culture that is in accord with its mission and core commitments. The framework consists of a system of aligned plans aimed at ensuring that the resulting shared sense of purpose permeates every level of the University.

At the highest level, the Strategic Plan sets out Deakin's long-term goals and strategies. The Strategic Plan 'Taking Deakin University Forward' covers the period from 2003 until 2007. It contains goals and strategies designed to advance the University's mission and core commitments.

A new Strategic Plan spanning the years 2008 until 2012 was developed in 2007 and is due to be approved by the University's Council in early 2008.

An operational plan for the University is developed and approved by Council annually. It sets out the immediate priorities, in the form of measurable targets for the year, to advance the goals contained in the Strategic Plan. The annual Operational Plan is finalised over a period of months, during which targets are refined and adjusted in the light of the University's current performance and external developments and by way of aligning plans with available resources.

Each Faculty and other organisational area also develops an annual operational plan reflecting and advancing the University's Operational Plan and the goals and strategies contained in the Strategic Plan.



Research activities in the Geelong Technology Precinct

# 2007 Highlights

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## Teaching and learning

During 2007, Deakin received accreditation from the Australian Medical Council for the Bachelor of Medicine and Bachelor of Surgery program, to be offered at the Geelong Campus at Waurin Ponds, with first enrolments into this graduate-entry medical program beginning in February 2008.

Other highlights included:

- > implementation of recommendations from the major external review of teaching and learning that was conducted in early 2007
- > nine academic staff were awarded the national Carrick Institute Citation for Outstanding Contributions to Student Learning
- > establishment of the College of Distinguished Deakin Educators and Teaching Scholars, to recognise outstanding teaching staff
- > successful implementation of the first phase of a digital learning repository
- > review of the transition program for new students, focusing on a more holistic view of the student experience at Deakin.

More information on Deakin's excellence in Teaching and Learning can be found on pages 12–18.

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## Research and research training

During the year emphasis was placed on broadening the University's research base while at the same time strengthening research in areas where Deakin has an established reputation.

Other highlights included:

- > development of the relationship between the University and Biocon, one of India's largest biotechnology companies

- > co-location of research activities within the Geelong Technology Precinct at the Geelong Campus at Waurin Ponds
- > increased strength in research in public health, including the appointment of new staff with research interests in areas such as infectious diseases, psychology, nursing and the human biosciences
- > an increase in the number of higher degree by research (HDR) completions compared to previous years.

More information on Deakin's research projects is provided on pages 19–21.

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## Internationalisation

Internationalisation continues to be an important element of the University's operations, with international student load representing 21% of Deakin's total student load in 2007.

While commerce courses attract the majority of international student enrolments, newly developed partnerships are bringing increased enrolments in education, health and information technology courses.

Other highlights included:

- > establishment of an official International English Language Testing System test centre at the Melbourne Campus at Burwood
- > the commencement of operations in the new International Centre and Business Building at the Melbourne Campus at Burwood
- > the successful launch of a number of international alumni events.

More information on internationalisation at Deakin is provided on pages 22–24.

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## Recruiting and retaining staff

Deakin started the year with the reappointment of the Vice-Chancellor, Professor Sally Walker, for a further five years.

Other highlights included:

- > achievement of targets to increase the proportion of academic staff
- > review and streamlining of all staffing policies
- > implementation of operational business continuity plans for the University.

More information on staff matters is provided on pages 25–27.

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## Community responsibilities; rural and regional engagement

During 2007, Deakin focused on strengthening its partnerships with its local communities. This was demonstrated by:

- > the signing of a memorandum of understanding with the City of Greater Geelong in March 2007 to enhance economic, social and cultural development in Geelong, with a similar memorandum of understanding having been signed in late 2006 with the City of Warrnambool
- > the establishment of a heads of agreement with the University of Ballarat to collaborate on joint initiatives central to university education and research in regional Victoria.

Other highlights included:

- > joining the Australian Universities Community Engagement Alliance
- > securing a \$1.4m Indigenous scholarship program for early childhood education
- > undertaking a range of projects to improve student equity outcomes.

Further information on related initiatives is provided on pages 28–30.

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## Communication, marketing and 'positioning'

During 2007, Deakin was able to increase its enrolments for domestic fee-paying students by 17%. This was an excellent result.

Other highlights included:

- > conducting promotional activities that focussed on recruitment of potential students
- > exceeding set targets to increase, for 2008 enrolments, Deakin's market share of Victorian Tertiary Admission Centre (VTAC) first preference applications for Commonwealth-supported places
- > the rating of primary teaching and nursing in the top 10 most popular courses, based on VTAC first preferences
- > winning the education category of the state finals of the 2007 Australian Marketing Institute's Awards for Marketing Excellence for the 2006 Change of Preference Campaign
- > continuing collaboration with TAFE partners to enhance pathways into Deakin
- > an increased focus on Deakin alumni
- > the successful promotion of Deakin expertise during Deakin Week
- > the launch of a new-look Deakin website.

More information on related initiatives can be found on pages 31–33.

## Resources, infrastructure and services

In 2007, Deakin was able to exceed its Commonwealth-supported load targets, resulting in excellent enrolment outcomes. There has been strong growth in student enrolments, particularly in health and in business and law, at both the Melbourne Campus at Burwood and the two Geelong Campuses.

Other highlights included:

- > implementation of initiatives designed to improve business planning processes
- > consolidation of Deakin's metropolitan operations to the Melbourne Campus at Burwood, with the relocation of activities from the Melbourne Campus at Toorak
- > refurbishment of the Science Building at the Geelong Campus at Waurin Ponds and the continuing redevelopment of the Dennys Lascelles Building at the Geelong Waterfront Campus.

More information on resources, infrastructure and services can be found on pages 34–39.



Brett Lee, as the face of Deakin in India, will assist with the promotion of the Deakin India Research Institute

## Key statistics at a glance—Deakin University

	2002	2007	percentage growth
Total revenue	\$326m	\$460.6m	41%
International fee-paying student revenue	\$27.7m	\$80.5m	191%
Domestic fee-paying student revenue	\$19.4m	\$45.2m	133%
Research income	\$17.2m	\$21.7m (2006)	27%
Total student load	19,906 EFTSL	23,230 EFTSL	17%
International fee-paying student load	2,770 EFTSL	4,906 EFTSL	77%
Domestic fee-paying student load	2,003 EFTSL	2,697 EFTSL	35%
Academic staff (excluding casuals)	762 FTE	951 FTE	25%
Total staff (excluding casuals)	1,872 FTE	2,238 FTE	20%





# **Review of operations**

# Teaching and learning

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## Deakin's goal is:

To provide excellent teaching in relation to undergraduate, postgraduate and professional development programs of contemporary relevance that are available to students wherever they are located and developed in consultation with potential employers, industry, government and professional bodies.

Deakin offers a comprehensive range of undergraduate, postgraduate coursework and higher degree by research programs in the discipline areas of: arts, social sciences and humanities; commerce and management; environmental studies; engineering; architecture; education; nursing; health sciences; information technology systems; and biological and chemical sciences. A key feature of Deakin's profile of courses is that it responds to student and employer demand. As part of its efforts to maintain programs of contemporary relevance, Deakin has an annual course review process whereby the Deputy Vice-Chancellor (Academic), the Vice-President, the Pro Vice-Chancellor (Development) and the Executive Director, Deakin International, meet with each Faculty to review its courses in the light of student demand, Graduate Destination Survey results, Course Experience Questionnaire results and the University's Student Evaluation of Teaching and Units.

The process is used not only to consider whether existing courses should continue to be offered, but also to identify new courses that should be developed in response to market analysis indicating demand for such a course. In 2007 new courses developed as a result of this process included postgraduate programs in creative enterprise, film and video, and educational leadership and development.

Of particular significance in relation to new courses was the 2007 approval by the Academic Board, and the subsequent accreditation by the Australian Medical Council, of the Bachelor of Medicine and Bachelor of Surgery program to be offered at Deakin's Geelong Campus at Waurin Ponds. The first student cohort will be enrolled in this graduate-entry medical program in 2008.

In 2005 the federal government established a Learning and Teaching Performance Fund (LTPF) to reward institutions for excellence in teaching and learning. Deakin's funding from the LTPF has steadily improved since its introduction. In the funding announced in 2007, Deakin ranked 13th in terms of funding and had the second-strongest improvement of all universities. However, the University's performance by discipline is variable, and in 2007 considerable effort was directed towards further enhancements in teaching and learning.

A major external review of teaching and learning at Deakin was conducted by PhillipsKPA in early 2007. The review report made 41 recommendations to help Deakin enhance its performance and re-position itself in relation to teaching and learning. Work began on implementing these recommendations during the remainder of 2007. A key outcome of the external review was the development of a new teaching and learning plan for the period 2008–2012. At the core of this plan is a set of principles that effectively describe the meaning of 'excellence in teaching' at Deakin. Titled 'Principles of Teaching, Learning and the Student Experience', they differentiate Deakin from other universities and assist the University to deliver the desired student experience and provide a clear guide and solid foundation for all those engaged in teaching and learning at the University. They are also a guide for the provision of support for Deakin's students.

All Faculties have paid greater attention to plans to improve the quality of teaching and to act upon student feedback. Each semester all units offered are surveyed using the University's Student Evaluation of Teaching and Units instrument. Results are used to improve teaching performance and are reported to the Academic Board and Council. All Faculties are making concerted efforts to understand the reasons for the results they receive and to respond to and improve their survey outcomes.



Students attending class in one of the many lecture theatres

These actions yielded more favourable student evaluation responses in 2007 than in 2006. Student assessment of teaching quality improved during the year, with students giving improved ratings in response to every core question on the survey, including the evaluation of individual teachers.

Deakin has teaching awards to recognise and reward those staff who are excellent teachers. Deakin's internal teaching awards scheme is aligned with, and used to identify, nominees for the national Carrick Awards for Teaching. In 2007 nine Deakin staff received national teaching awards in the form of Carrick Institute Citations for Outstanding Contributions to Student Learning. As each institution is entitled to submit up to 10 nominations only, Deakin's result is very pleasing.

Deakin has also improved its outcomes in relation to project grants from the Carrick Institute for Learning and Teaching in Higher Education. The University received a \$218,000 grant as project leader for a grant on leadership in professional development and is a partner in two other successful grant applications. Deakin was also successful in attracting one of only three grants worldwide from the software company Blackboard to enhance the University's online learning management system.

As a further means of identifying and recognising outstanding teaching staff at Deakin, in 2007 two new schemes were implemented: the College of Distinguished Deakin Educators and Teaching Scholars. Staff who are judged to be outstanding educators—whether it be through recognised achievements in teaching and learning, peer recognition or student recognition—are invited to apply to become Fellows of the College of Distinguished Deakin Educators, which provides these staff with targeted opportunities to contribute to the development of teaching at Deakin. Those staff who see their future career revolving around teaching are encouraged to submit an application to become a Teaching Scholar, which gives them special status within the University as leaders in teaching and learning and provides access to alternative promotion processes. The Fellows of the College and the Teaching Scholars will play a major leadership role in teaching and learning in the University and will be actively involved in setting and implementing the teaching and learning agenda for Deakin.

## Flexible Education

A crucial theme of the new Teaching and Learning Plan is Deakin's desire to be a recognised leader in flexible education, building on the University's extensive experience in off-campus and distance education. The key to achieving this is to adopt the broadest possible interpretation of flexibility wherever it can lead to an improved student experience or increased efficiency of operation, while maintaining the academic integrity and the quality of the student learning experience. Deakin's vision of an integrated approach to flexible education is an environment that includes, where appropriate, choice in:

- > the time (including flexible entry and exit points) at which study occurs
- > the pace at which the learning proceeds
- > the place (both physical and virtual) in which study is conducted
- > the content that is studied
- > the learning style adopted by the learner
- > the forms of assessment employed
- > the option to collaborate with others or to learn independently
- > how teaching is staffed
- > the mix of the above used in any given course/unit.

This flexibility is embedded in a framework that maintains sound and consistent academic standards.

A fundamental dimension of flexibility is the use of technology in teaching and learning. Traditional distance education materials are increasingly being replaced by a mixture of online technologies and other resources. Provision of education is being transformed as new technologies provide highly attractive flexible options for study including the ability to break down the differences between on- and off-campus enrolment and to allow all students to interact in a shared learning environment. New technologies also facilitate the growing use of peer learning in higher education.

Deakin's own Deakin Studies Online (DSO) is the online teaching and learning environment that aims to enhance on- and off-campus learning. DSO incorporates a suite of integrated teaching and learning technologies, including:

- > Vista—the primary application used at Deakin to provide integrated web-based tools to facilitate communication and collaboration by providing online links between academic teaching staff and students
- > eLive—a synchronous communications tool that enables the real-time delivery of online learning, training, coaching, mentoring and meetings
- > TurnItIn—a tool for plagiarism detection and training
- > iLecture—a system that supports the automatic recording and processing into a variety of streaming media formats (including podcasting) of audio and visuals from live events such as face-to-face lectures
- > social software—tools such as wikis and blogs which are at the forefront of the new Web 2.0 technologies and are now actively used at Deakin in teaching.

A number of the internal teaching grants awarded in 2007 supported online developments, including the incorporation of virtual reality and simulation technologies into the delivery of teaching and experimentation with the use of the web-based virtual world, 'Second Life', in teaching.

Over a number of years Deakin has implemented various initiatives aimed at improving the retention rate of its off-campus undergraduate students. Excellent results have been achieved with the retention rate for this group of students increasing from 67% in 2002 to 76% in 2007.

### Student enrolments (persons) by course type as at 31 August, 2003–2007

	2003	2004	2005	2006	2007
<b>Total</b>	<b>33380</b>	<b>34197</b>	<b>34646</b>	<b>33974</b>	<b>35135</b>
<b>Course type</b>					
Higher degree by research	967	955	963	917	917
Postgraduate coursework	8139	8701	8635	8089	8405
Undergraduate	23293	23425	23941	24105	24967
Non-award, cross-institutional	766	883	928	651	636
Study abroad/supernumerary exchange	215	233	179	212	210

### Student enrolments (persons) by Campus as at 31 August, 2003–2007

	2003	2004	2005	2006	2007
<b>Total</b>	<b>33380</b>	<b>34197</b>	<b>34646</b>	<b>33974</b>	<b>35135</b>
<b>Campus</b>					
Melbourne Campus at Burwood	11960	12308	13584	14025	15157
Melbourne Campus at Toorak	912	1429	1435	1352	1528
Geelong Campus at Waurin Ponds	4350	4462	4441	4178	4281
Geelong Waterfront Campus	1071	1171	1467	1635	1910
Warrnambool Campus	1112	1175	1201	1103	1096
Off-campus	12432	12185	11248	10587	10240
Offshore	1543	1467	1270	1095	924

### Student load (EFTSL) by course type as at 31 August, 2003–2007

	2003	2004	2005	2006	2007
<b>Total</b>	<b>20550</b>	<b>21110</b>	<b>21691</b>	<b>21896</b>	<b>23230</b>
<b>Course Type</b>					
Higher degree by research	646	640	641	634	615
Postgraduate coursework	2975	3320	3248	2960	3311
Undergraduate	16674	16867	17526	18047	19065
Non-award, cross-institutional	152	167	189	153	143
Study abroad/supernumerary exchange	102	115	87	102	97

## Learning Support

Deakin also made significant progress in enhancing the learning and support environment for students during 2007 with the successful implementation of Phase 1 of a digital learning repository. This system stores digital objects to assist staff in improving the quality of course materials in Deakin Studies Online and allows students and staff more flexibility in accessing up-to-date materials. The system will be further developed in the coming year.

Deakin also reviewed and reshaped its transition program for new students. A new, more comprehensive program that is more attuned to student needs was developed for introduction in 2008. It recognises current educational thinking about the factors that are most significant in influencing students' successful transition from school to university study. The new program starts before formal enrolment and involves greater social interaction on campus and a more proactive approach to identifying students who may not be progressing well in their studies. The new transition program addresses one of the recommendations from the external review of teaching and learning

which related to the development of a holistic view of the student experience at Deakin. The University has also given much thought to what the student experience means at Deakin and what services and support should be offered to ensure that a good experience is offered to all students.

Several additional advances were achieved in the student administration and support areas. Deakin has improved its admissions and enrolment processing with enhancements to its student management system, Callista, and it has also investigated the possibility of improving submission and assessment of assignments through an online system. Improvements in examination processing have been made through the development of new computer systems to log and track the submission of papers and their marking.

In 2008, to achieve its vision of being a recognised leader in flexible education, Deakin will focus on implementing the many recommendations of the teaching and learning review that have been integrated into the new Teaching and Learning Plan.

### Student survey results for 'This unit was well taught', 2007

	Percentage agreement	
	Semester 1	Semester 2
Undergraduate on-campus	70.4%	69.3%
Undergraduate off-campus	68.5%	66.8%
Postgraduate on-campus	76.1%	78.8%
Postgraduate off-campus	70.7%	72.6%

### Student satisfaction with support services, 2005–2007

Student support services	Percentage agreement		
	2005	2006	2007
Student administration	91%	92%	92%
Library	94%	94%	92%
Information technology	88%	89%	90%
Deakin Studies Online	81%	87%	89%
Academic support	94%	92%	92%
Personal well-being and support	92%	92%	89%
Social and recreational	80%	83%	81%
Physical environment	93%	93%	93%
Distance education/off-campus services	89%	87%	86%



Students check seat allocations before entering exam venues

#### Undergraduate student progress rates, 2002–2006

2002	2003	2004	2005	2006
86%	86%	87%	84%	85%

#### Undergraduate student retention rates, 2002–2006

2002	2003	2004	2005	2006
79%	80%	81%	84%	84%

### Course completions, 2002–2006

	2002	2003	2004	2005	2006
<b>Total</b>	6553	7045	7224	8041	7788
<b>By course type</b>					
Higher degree by research	123	115	111	121	118
Higher degree by coursework	895	1094	1196	1543	1457
Other postgraduate	1394	1154	1229	1271	1174
Bachelor	3863	4335	4485	4909	4883
Other undergraduate	278	347	203	197	156
<b>By Faculty</b>					
Arts	1066	1191	1249	1322	1223
Business and Law	2667	2763	2666	3235	3052
Education	880	885	1042	1054	1094
Health, Medicine, Nursing and Behavioural Sciences	1050	1171	1065	1105	1275
Science and Technology	891	1036	1203	1326	1145
<b>By gender</b>					
Female	3716	4002	4171	4597	4499
Male	2837	3043	3053	3444	3289



# Research and research training

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## Deakin's goal is:

To have a vibrant culture of research with a critical mass of researchers associated with each major discipline providing every student with the experience of being taught by leading researchers, and to foster internationally competitive research groups in areas of strategic importance.

In many respects 2007 was a transition year for research and research training at Deakin University.

A great deal of activity was focused on the Research Quality Framework (RQF) proposed by the former federal government. This included a review of the University's 'priority areas' for research and the formation of a number of new research clusters and preliminary work on three major research colleges with a focus on quality outcomes. While the RQF will not proceed in its current form, the work has provided a firm foundation for Deakin to enter its next phase of development in research. The challenge for Deakin is to broaden the base of research across the whole University and at the same time strengthen research in areas where Deakin has established a distinctive reputation.

Until the advent of the proposed RQF, the University focused much of its efforts on increasing external research income, with sustained increases of 40% per annum over a number of years. The results for 2005 and 2006 showed a plateauing of research income, a slowing in the growth of higher degree by research (HDR) student enrolment and a decline in the number of HDR completions. There was also a decline in the number of research grants won by Deakin staff. While 2007 did see some important steps made towards future research success, such as the establishment of the medical school, and the receipt of some significant research grants in public health and materials, the University concluded that a 'step-change' in research and research training was needed—and it was needed urgently.

This need was widely discussed throughout the University during the year. Discussions at the Academic Board level reinforced the significance of



The Geelong Technology Precinct provides the integration of high-level research capabilities with specialised research equipment and industrial-scale infrastructure



Signing of the memorandum of understanding between Deakin University and Biocon (from left to right): Mr Wayne Lewis, Professor Sally Walker, Dr Kiran Mazumdar-Shaw and Professor David De Kretser AC, Governor of Victoria

research for Deakin and focused on the relationship between teaching and research. There was an acknowledgment that research in some parts of the University was not strong.

The research community identified significant opportunities to build on the University's research strengths—particularly in discovery, applied and commercial approaches to research. One area in which it was considered that Deakin could expand its research was its success in the 'co-location with collaboration approach' to research within the Geelong Technology Precinct at its Geelong Campus at Waurn Ponds.

Major strategic funding of this concept has been one of the focal points of the 'step change'. The creation of a new research institute formed by the amalgamation of BioDeakin with the Centre for Materials and Fibre Innovation and the Intelligent Systems Group is at the forefront of plans to create the three overarching research colleges by the end of 2008. These colleges are central to the 'step change' process of strengthening and broadening Deakin's research.

An important event during the year was the visit in early March of Dr Kiran Mazumdar-Shaw, Chairman and Managing Director of the Indian biotechnology company Biocon. Dr Mazumdar-Shaw was impressed by Deakin's linkages with industry at the Geelong Technology Precinct. These involve staff and students working with industry to undertake research that makes a difference, and Biocon has encouraged Deakin to create a similar facility in India. To this end, an ongoing relationship between Biocon and Deakin was

formalised in Bangalore in June 2007 through a memorandum of understanding signed by Dr Mazumdar-Shaw and Deakin's Vice-Chancellor, Professor Sally Walker.

In other developments, discussions about the need for a 'step-change' led to a number of external proposals for strategic funding and a commitment by the University to significantly increase the capital and recurrent funding for research. Projects to be undertaken in 2008 include the development of a new research management system, building new facilities for research, introducing a new postdoctoral fellowship scheme, awarding 20 new HDR scholarships in areas of strategic importance, introducing an internal infrastructure scheme for funding large items of equipment, and establishing new positions in research.

The establishment of the medical school and Deakin's acknowledged strength in research in public health were seen as opportunities for building a stronger and more distinctive research profile in health and wellbeing. The appointment of new staff with research interests in infectious diseases, psychology, nursing and the human biosciences will do much to strengthen Deakin's distinctive research in this important area. Significant grants in public health and human bioscience from funding agencies such as the National Health and Medical Research Council, have done much to identify Deakin with this research field.

In the Faculty of Science and Technology, the appointment of a new Dean of the Faculty and a new Head of the School of Life and Environmental Sciences will strengthen research in areas where

Deakin has had ongoing success. The School has had significant success in attracting funding in estuarine and catchment management and is developing a growing focus on sustainability. A highly successful public forum, 'Yes it's not sustainable but it's not my fault', was held in August with guest speaker Professor Peter Cullen. The forum was broadcast nationally on ABC Radio National. Significant grants from the Australian Research Council in materials and intelligent systems continue to define Deakin's important place in this research field in Australia.

To broaden and strengthen the University's research base in the humanities and social sciences and to develop new areas of research strength, new staff have been appointed in the areas of Finance, Accounting, Law and Management.

The appointment of Professor Richard Ingleby as Director of Research Training has brought a more structured approach to the management of higher degree by research candidature. The research workshops for students and early career researchers on managing the research process conducted by Professor Ingleby have been well attended. There are indications that this work is having a significant impact with HDR completions increasing from 119 in 2006 to 137 in 2007.

In 2008 the focus will be on implementing plans to achieve the 'step change' in research. Significant funding has been allocated to support plans for 2008–2010 to enable research and research training, facilitate partnerships in research, build critical mass and encourage collaboration across discipline boundaries.

#### Higher degree by research student load (EFTSL) as at 31 August 2003–2007

	2003	2004	2005	2006	2007
EFTSL	646	640	641	634	615

#### External income (\$) for research 2002–2006

	2002	2003	2004	2005	2006
total (\$M)	17.1	20.5	22.6	21.9	21.7

#### Research publications in the national collection 2002–2006

	2002	2003	2004	2005	2006
total (points)	762	854	951	1118	1050

#### Higher degree by research completions 2003–2007

	2003	2004	2005	2006	2007
total (completions)	117	145	120	119	137

# Internationalisation

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## Deakin's goal is:

**To promote internationalisation throughout the University in a way that is valued by staff and students.**

International student fee revenue is a critical source of income for all Australian universities and Deakin seeks to progressively increase its enrolment of international students and to spread the enrolment load across more of its courses. International student load increased in 2007 to 4,906 EFTSL, representing 21% of Deakin's total student load.

Enrolments in commerce courses continue to underpin Deakin's international recruitment endeavours. Excellent growth in enrolments also occurred in 2007 in health related courses, particularly nursing, alleviating some of the dependency on the Faculty of Business and Law. Recently developed partnerships with institutions in the Gulf States and China are now contributing to increased enrolments in education, health and information technology courses.

Deakin's total international student load comprises a large on-campus cohort taught principally at its Melbourne Campus at Burwood, although some 680 international students attend the Geelong and Warrnambool Campuses, and approximately 10% of Deakin's international student load is taught offshore through partnership arrangements.

The performance of offshore teaching partnerships was again carefully monitored in 2007. In addition to the regular analysis of student assessment and progress results and student responses to student evaluation of teaching and units, each partner was visited at least once by the Deputy Vice-Chancellor (Academic) or his nominee. This included visits by the Vice-Chancellor and the Vice-President to partners in Hong Kong, coinciding with graduation ceremonies held in that country. Three partnerships were discontinued in 2007 while new and existing partnerships of greater strategic value were actively pursued, particularly in India and China.

International students studying on campus at Deakin continue to demonstrate higher retention rates than both domestic students and those taught through the University's offshore teaching arrangements.

Approximately 500 Deakin students participated in international study experiences in 2007. About 40% of these were through formal exchange agreements that the University has with selected institutional partners worldwide whereby students undertake a semester or two of their program of study within a partner institution. The remaining 60% participated in shorter term programs, developed and delivered through Faculties to enhance the international and intercultural elements of specific courses and units. These typically mix classroom experiences with additional professional development through direct contacts with relevant industry or professional bodies in the countries visited.

In 2007 the Deakin University English Language Institute (DUELI) experienced significant growth in the overall number of students enrolled in its English language programs. The new students came from China, Vietnam, South Korea, Sri Lanka, Japan and India.

Deakin successfully established and developed an official International English Language Testing System (IELTS) test centre at its Melbourne Campus at Burwood. The IELTS test is one of the leading English language tests used worldwide for assessment of English language capability for academic and general purposes. The Deakin IELTS test centre conducted tests for more than 3,100 IELTS candidates in its first year of operation.

Deakin continues to enjoy a very positive relationship with the Melbourne Institute of Business and Technology (MIBT) and in 2007 MIBT signed a revised formal agreement which facilitates pathways for its students to many of Deakin's undergraduate programs. Two new pathway programs were launched to provide a wider range



The newly completed International Centre and Business Building at the Melbourne Campus at Burwood

of opportunities for study at Deakin, one to lead into undergraduate health courses and another, the Postgraduate Qualifying Program, to help students meet entry requirements for selected Deakin postgraduate coursework courses.

The successful introduction of an early-start summer semester enabling an earlier commencement for students in some programs was continued in 2007 and again proved popular. The trial of more flexible semesters was extended to an intensive summer semester arrangement with a visiting cohort of students from one of the

University's exchange partners in the United States coming to Deakin to complete a single unit of study. This will be expanded in 2008 to continue to meet the needs of prospective Deakin students who prefer short-term international study opportunities.

In late 2007 Deakin commenced operations in a \$65m International Centre and Business Building development at its Melbourne Campus at Burwood. This has enabled Deakin to consolidate its Melbourne activities on the one Campus following the sale of the former Melbourne Campus at Toorak. The distinctive buildings on the Elgar Road side

of the Melbourne Campus at Burwood provide students and staff from the business disciplines, Deakin International, DUELI and MIBT with state-of-the-art facilities.

A series of successful international alumni events was launched in 2007 in Hong Kong, Sri Lanka, Malaysia, India and Vietnam. These functions offered our international graduates the opportunity to hear from senior Deakin academic staff as well as meet with one another to foster valuable in-country business and personal networks. This program will be expanded in 2008 to include activities in China and Indonesia.

In the year ahead the focus will continue to be on achieving international student load targets by implementing a range of new strategies including the development of at least three new international student recruitment markets, solidifying and supporting articulation arrangements with partner institutions in Australia and overseas, and achieving greater integration of domestic and international student marketing.

#### International student load (EFTSL) as a percentage of total load as at 31 August 2003–2007

2003	2004	2005	2006	2007
18.4%	21.8%	21.2%	21.3%	21.1%

#### International student load (EFTSL) as at 31 August 2003–2007

2003	2004	2005	2006	2007
3785	4601	4605	4665	4906

#### Student retention rates by citizenship 2003–2007

	2003–2004		2004–2005		2005–2006		2006–2007	
	UG	PGC	UG	PGC	UG	PGC	UG	PGC
International onshore	85%	74%	86%	86%	89%	84%	88%	81%
International offshore	78%	80%	81%	78%	86%	67%	87%	72%
Domestic	80%	65%	80%	70%	83%	75%	83%	75%

UG–Undergraduate; PGC–Postgraduate coursework

#### Student progress rates by citizenship 2003–2006

	2003		2004		2005		2006	
	UG	PGC	UG	PGC	UG	PGC	UG	PGC
International onshore	81%	89%	83%	88%	83%	87%	80%	85%
International offshore	81%	93%	88%	89%	91%	83%	91%	83%
Domestic	87%	89%	88%	89%	87%	88%	86%	88%

UG–Undergraduate; PGC–Postgraduate coursework

# Recruiting and retaining staff

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## Deakin's goal is:

To attract, retain and develop outstanding staff who are committed to the mission and goals of the University and to increase staff numbers in areas of strategic need by the responsible use of revenue growth.

Deakin's Chancellor, Mr David M Morgan, was delighted to announce the re-appointment of the Vice-Chancellor, Professor Sally Walker, for a further five years from 2 January 2007. Professor Walker has been the Vice-Chancellor of Deakin University since January 2003.

Human resources targets pursued in 2007 focused on implementing plans for improving performance management and career planning; reviewing academic workload models; assessing the adequacy, availability and affordability of child care facilities; continuing to implement plans to achieve a more balanced staff profile; and taking action in response to the findings of the 2006 Staff Survey. Good progress has been made against all targets.

Closer integration of the processes associated with staff reward, probation, performance management, career planning and staff development, as well as from improved alignment with the University's strategic and operational goals, has resulted from a review of the University's Performance Planning and Review process. The new processes will be incorporated into a major project addressing workplace reform.

Deakin was successful in gaining significant funding under the former federal government's Workplace Productivity Program, to undertake workplace reform over the next three years. The project focuses on four key areas: reforming human resources practices to deliver increases in staffing flexibility and performance; optimising the effectiveness of organisational structures; improving operational performance; and strengthening organisational culture to advance Deakin's strategic goals.

Academic workloads have been reviewed, although further work will continue to be done in this important area. The review saw the introduction of several prestigious Teaching Scholar positions, which reward and acknowledge staff who have demonstrated exceptional leadership in teaching.

All staffing policies were reviewed and streamlined during 2007. Deakin examined the adequacy of child care services on all of its Campuses. New policies gave priority to childcare places for the University's staff and students rather than the general community and planning took into account the demographic trends in each Campus location. Recommendations resulting from this planning activity will be implemented in 2008.

Considerable work was undertaken during 2007 to put in place operational business continuity plans for all areas of the University. These plans build on previous work in emergency management and encompass emergency management, crisis management, business continuity and business restoration.

An aspect of Deakin's staffing goal for the 2003 to 2007 period was 'to increase staff numbers in areas of strategic need by the responsible use of revenue growth'. The most obvious problems to be addressed were Deakin's relatively high student-to-staff ratio and relatively small professorial staff (compared with other Victorian universities) and its modest academic staff numbers (as a proportion of the total staffing complement). Significant additional resources were made available to Faculties and the Institute of Koorie Education to enable them to recruit more academic staff and progressively work towards the targets to be achieved by the end of 2007. These targets have all been achieved. Deakin has improved its student-to-staff ratio from 25.6:1 in 2002 to 24.9:1 in 2007; it has increased the size of the professoriate so that in 2007 it represents 10%

of all academic staff (compared to 7% in 2002), and it has increased its academic staff numbers relative to its general staff. In addition, the proportion of women that Deakin employs in senior positions continues to be higher than Victorian and national averages. At Deakin, women constitute 35% of the academic staff in positions at senior lecturer level or above, whereas the Victorian university average is 25% and the national average is 23%.

The focus for 2008 will be on the implementation of the workplace reform project and other initiatives regarding workforce planning, professional development for academic staff in strategic leadership positions and a revised approach to the employment and support of casual academic staff.

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## Workforce data

### Staff numbers (persons) as at 31 December, 2006 and 2007

	Academic	General	Male	Female	Total 2007	Total 2006
Geelong Campus at Waurin Ponds	295	496	347	444	791	806
Geelong Waterfront Campus	99	311	176	234	410	398
Melbourne Campus at Burwood	561	611	420	752	1172	1062
Melbourne Campus at Toorak						92
Warrnambool Campus	66	78	63	81	144	153
<b>Total*</b>	1021	1496	1006	1511	2517	2511

Callista Software Services		88	65	23	88	79
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\* Includes DeakinPrime employee numbers



## Employment and conduct principles

Staff are appointed on the basis of merit in accordance with the University's appointment policies and are required to conduct themselves in accordance with the Deakin University Staff Code of Conduct.

The University takes all reasonable steps to prevent harassment and discrimination by having in place relevant policies and procedures requiring all staff to undertake training in the prevention of harassment and discrimination, providing managers and supervisors with specific briefings and assistance and making trained staff available to deal with any claims that may be made.

## Occupational health and safety

Deakin University has a commitment to providing a safe and healthy working environment for all staff, students, contractors and visitors. This commitment is enabled through the University's Occupational Health and Safety (OHS) Management System.

The OHS Management System refers to the structures, planning, procedures, activities and resources that Deakin applies to the improvement and maintenance of occupational health and safety performance and standards across the University.

The objective of the system is to create a positive culture within the University in relation to health and safety issues, promoting them as standard components of the University's management systems.

Deakin's health and safety performance compares favourably with the 26 universities against which it benchmarks. Deakin has one of the lowest lost-time injury frequency rates of these universities.

### OHS performance indicators (2003–2007)

	Lost time injury frequency rate	WorkCover frequency rate	Average lost time rate	Days lost per 100 full time equivalence <12 months	WorkCover costs per full time equivalence <12 months	Premium costs per full time equivalence	WorkCover premium rate as % of remuneration
<b>2003</b>	4.76	8.30	43.8	35.4	\$80.91	\$503	0.72%
<b>2004</b>	3.54	6.60	30.6	18.1	\$64.24	\$480	0.70%
<b>2005</b>	2.73	4.10	48.7	21.8	\$67.76	\$420	0.59%
<b>2006</b>	2.53	5.08	27.5	11.7	\$43.50	\$412	0.52%
<b>2007</b>	1.58	5.74	77.1	20.9	\$74.02	\$413	0.49%

# Community responsibilities; rural and regional engagement

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## Deakin's goal is:

To work in partnership with local communities in Burwood, Geelong and Warrnambool, and with governments, industry, business and the professions, to advance the interests of Victoria and Australia; to champion equity and access; and to be committed to providing: flexible teaching programs; distance and online education; workplace-based learning and continuing education; and research and teaching programs that advance the needs of South Central and South Western Victoria.

The targets set for 2007 to advance this goal covered a range of activities extending from enhancing partnerships with local communities surrounding the University's Campuses to improvement in recruitment outcomes for equity group and rural and regional students and obtaining Australian Medical Council accreditation of Deakin's graduate entry Bachelor of Medicine and Bachelor of Surgery degree.

Approval of the Deakin Medical program until 2012 was a most significant milestone in the history of Deakin University, with the first cohort of 120 commencing students arriving in February 2008. Accreditation for the new Bachelor of Medicine and Bachelor of Surgery degree was received from the Australian Medical Council with the Council praising the University for its innovation and the quality of the program development. Experience in a rural or regional area was a factor in selection to the course and applicants were required to have an interest in continuing to practise in rural areas on graduation. The first graduates in 2012 will assist in addressing the shortage of qualified rural general practitioners in Australia, and particularly in Victoria.

During 2007, Deakin strengthened its partnerships with its local communities. Deakin has a strong commitment to the Geelong region and is a major employer and significant contributor to the economy of the region. Deakin is actively working with government and industry to facilitate the technological, social and economic change

necessary for the Geelong region to make the transition from manufacturing to new-technology, high-return industries. Deakin's role in this process took on a greater significance in 2007 after the announcement by Ford Australia that it would be significantly reducing its workforce in Geelong.

In March 2007, Deakin University signed a memorandum of understanding with the City of Greater Geelong to work together with the aim of :

- > enhancing economic, social and cultural development in Geelong
- > promoting the University's Campuses and the regions to both domestic and international students
- > assisting students enrolled at the two Deakin Geelong Campuses to find part-time work, internships and work placements in Geelong and the surrounding regions
- > undertaking research and consultancies that bring economic, environmental, social or cultural benefits to the Geelong region
- > enhancing access to higher education particularly from rural and regional students
- > supporting further development at the University's campuses.

A similar memorandum of understanding with the City of Warrnambool was signed in late 2006.

In addition, during 2007 Deakin entered a heads of agreement with the University of Ballarat. This provides a commitment to collaborate on joint initiatives central to university education and research in regional Victoria. Seed funding has been provided for the first collaborative program involving research to address water use and the value of water to build ecological, social and economic resilience in western Victoria.



Recipients of scholarships awarded to Indigenous students studying the Bachelor of Early Childhood Education

Deakin's well-established partnerships with Box Hill, Gordon and South-West TAFE Institutes were enhanced during 2007. New pathways were developed which encouraged articulation between TAFE and higher education courses, and the number of students successfully transferring from these Institutes to Deakin increased during 2007.

During the year Deakin joined the Australian Universities Community Engagement Alliance (AUCEA), an alliance with other universities to establish a framework for understanding the nature of community engagement by the Australian higher education sector. Deakin participated in the first project AUCEA undertook in 2007, which was a benchmarking trial involving 12 Australian universities.

Deakin is Victoria's largest provider of Indigenous education and one of the largest providers in Australia. The University has been successful in securing a \$1.4m Indigenous scholarship program

for early childhood education. To address the current shortage of Aboriginal early childhood teachers available to work in kindergarten and long day-care settings, up to 21 scholarships will be awarded to Indigenous students studying Deakin's Bachelor of Early Childhood Education.

Consistent with its core commitments to rural and regional engagement and to access and equity for individuals and groups who might not otherwise enjoy the benefits that flow from participation in higher education, Deakin has developed programs to improve equity performance in relation to students from rural and isolated areas, students from low socio-economic backgrounds and students with a disability. In recent times Deakin has improved its outcomes with regard to students from rural areas and from low socio-economic backgrounds; Deakin has consistently performed well above state averages in attracting students from isolated areas and has maintained its performance in relation to students with a disability.

Projects undertaken in 2007 to improve student equity outcomes included:

- > publication and dissemination of a booklet entitled 'Can my wallet afford it?', which provides information about the costs of higher education and the sources of assistance for students
- > presentation of Deakin Achievement Awards to high-performing students at schools near Deakin's Campuses that have an under-representation of students continuing to higher education
- > distribution of Access and Equity DVDs with a lesson plan to all 'under-represented' schools
- > presentation of targeted information for students from low socio-economic status backgrounds.

The outlook for 2008 includes targeted action to increase the number of qualified applicants applying for admission to Deakin's Warrnambool Campus; working with government at all levels to raise awareness of the benefits to students and communities of regional University campuses; and continuing to improve access and participation of students from low socio-economic and rural backgrounds.



Former Federal Minister for Health and Ageing, Tony Abbott, guest speaker at the annual Richard Seabry Oration, delivers an oration entitled 'The importance of idealism in the practice of medicine'

### Indigenous student completions, 2002–2006

	2002	2003	2004	2005	2006
<b>Total</b>	30	25	24	32	22

Note: data provided is for mid-year (March)

### Equity group students as a percentage of domestic student enrolments, 2002–2006

Equity group	Deakin					State	National
	2002	2003	2004	2005	2006	2006	2006
Aboriginal and Torres Strait Islander	1.2%	1.5%	1.4%	1.4%	1.6%	0.6%	1.3%
Non-English-speaking background	1.7%	1.8%	2%	2.1%	2.2%	3.8%	3.6%
Low socio-economic background	14.8%	13.4%	13.3%	13.2%	13.4%	13.6%	14.7%
Students with disability	2.6%	2.5%	2.2%	2.2%	2.2%	3.3%	4%
Students from regional areas	20.6%	18.5%	19.2%	19.1%	20.7%	17.4%	18.1%
Students from remote areas	1.3%	0.9%	0.9%	0.7%	0.7%	0.3%	1.1%

# Communication, marketing and 'positioning'

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## Deakin's goal is:

**To ensure that Deakin University's distinctive contribution to higher education is recognised in a way that facilitates long-term sustainable growth.**

The key strategies adopted to achieve Deakin's Communication, Marketing and 'Positioning' goal are to raise Deakin's profile and enhance its standing among key groups. In 2007 the emphasis of promotional activities was heavily weighted towards recruitment of potential postgraduate and undergraduate students, for both Commonwealth-supported and domestic fee-paying places.

Brand awareness studies found that in 2007 spontaneous awareness increased amongst all target groups and awareness ranking relative to other universities improved amongst parents of potential students. Progress has been monitored in terms of market share percentages and student application numbers.

Deakin's domestic marketing effort in 2007 was extremely successful in increasing the University's attractiveness to students. This has been reflected in applications for admission in 2008. Deakin easily exceeded its target to increase to 14.5% its market share of Victorian Tertiary Admissions Centre (VTAC) first preference applications for Commonwealth-supported places (typically known as 'HECS' places). Deakin's market share increased to 15.3%. This is an excellent result given that applications across Victoria declined by more than 3%. Improved outcomes have been achieved by every Faculty and on every Campus. Results such as these, which go against the state trend, reflect well on the work Deakin has done over the past four years in continually reviewing and revising its course offerings to ensure that they are relevant and contemporary.

In 2007 Deakin aimed to achieve at least two courses in the top 10 list of courses based on VTAC first preferences. This target was achieved, with primary teaching and nursing securing positions in the top 10 most popular courses.

Not only did the numbers of students interested in seeking admission to Deakin University increase, but the quality of the students who were offered places has improved for 2007 and again for 2008. In 2007 Clearly In ENTER scores rose on 2006 levels for 60% of the courses offered through VTAC. The median ENTER score for students admitted to courses in Melbourne also rose slightly.

During 2007 Deakin also had great success in attracting domestic fee-paying students to its courses, with enrolments increasing by 17%.

Deakin was pleased to be recognised for its creative 2006 Change of Preference Campaign, which won the education category of the state finals of the 2007 Australian Marketing Institute's Awards for Marketing Excellence.

DeakinPrime, Deakin's corporate education arm, enjoyed an extremely successful year. Through its corporate education partnerships it reached more than 50,000 people in work and made a major contribution to Deakin's core commitment to continuing education and life-long learning. A significant achievement in 2007 centred on the advancement of its 'Corporate Institute' concept, a strategic and innovative approach to large-scale education and development for organisations. It secured landmark contracts with CPA Australia, the Financial Planning Association and the Defence Materiel Organisation.

Other activities undertaken in 2007 to advance the Communication, Marketing and 'Positioning' goal involved the expansion of Deakin's program of alumni, corporate and community engagement. Building on the development work of previous years, Deakin was able to reconnect with 60,000 of its alumni in 2007 for the first time in many years. An expanded program of alumni activities was also offered. A Melbourne Community Leaders Group was established to support the activities of the Melbourne Campus at Burwood and to complement the existing groups that operate in Geelong and Warrnambool.



The Deakin tram

A number of public events promoting Deakin's expertise were held throughout the year and particularly during the third annual Deakin Week from 20 April to 7 May 2007. During this week Dr Harold Mitchell AO delivered the second annual Brookes Oration at the Deakin Business School. His address examined corporate Australia's track record in corporate social responsibility and was entitled 'Corporate Social Responsibility...just too much hot air?' During Deakin Week the University also launched its inaugural Nursing Awards, a series of annual awards designed to recognise excellence in nursing leadership.

Continuing Deakin's program of informing public debate, the second annual Richard Searby Oration was held at Deakin University's Geelong Waterfront Campus on 3 September. Delivered by the then federal Minister for Health and Ageing, Tony Abbott, it was entitled 'The importance of idealism in the practice of medicine'.

Much effort was directed during 2007 to further developing the University's website as a marketing tool in the recruitment of students and also in improving the quality of content displayed on the site and the accessibility of information for the University's own staff and students. The new-look website is much more user-focused than in the past and has received much positive comment from visitors, staff and students.

Initiatives planned for 2008 include continued implementation of the alumni engagement plan, establishment of a Deakin Foundation, continued review and refinement of student recruitment strategies, and an enhanced focus on improving communication with students.

**Commencing undergraduate Australian resident enrolments by basis for admission, 2003–2007**

Basis for admission	2003		2004		2005		2006		2007	
	No.	%	No.	%	No.	%	No.	%	No.	%
Complete secondary school	2904	46	2877	47	3295	49	3487	54	3977	56
Complete/incomplete tertiary/TAFE	2704	42	2680	43	2733	41	2281	36	2629	37
Mature age/prof. qual./employment experience	602	9	233	4	137	2	199	3	174	2
Other basis	155	2	373	6	575	9	443	7	327	5
Total	6365	100	6163	100	6740	100	6409	100	7107	100



The Hon. Joan Kirner AM, guest speaker at the inaugural Leadership in Nursing awards

# Resources, infrastructure and services

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## Deakin's goal is:

To ensure that the human, financial and capital resources of the University are managed efficiently and effectively; that infrastructure and services are provided to meet the University's needs; and that profitable revenue is increased to strengthen Deakin's immediate and longer term capacity to fulfil its mission, core commitments and goals.

A broad range of strategies were employed in 2007 to achieve this goal. Targets set included financial management and outcome targets and a range of initiatives to provide more innovative ways of providing service to the students and staff of the University.

Revenue for 2007 of \$460.8m was in line with expectations, but considerably in excess of 2006 levels. A surplus of \$49.1m has been recorded for 2007, which has been delivered through a combination of strong revenue performance and disciplined expenditure.

Revenue from domestic and international fee-paying students for the year increased by 20.8% to \$125.7m.

In 2007 a wide range of initiatives were undertaken as part of the Financial Management Improvement project, funded by a Workplace Productivity Grant from the Commonwealth government. Key developments included:

- > improvements to the business planning process, which produced a 2008 budget constructed with a more transparent and intuitively reasonable resource allocation model. The Budget also contained a significantly increased quantum of funds, which was allocated via a competitive bidding process, to support initiatives that will advance the University's strategic directions.
- > development of a more robust cash management forecasting capability and a new investment strategy.

- > review and reform of financial management policies.
- > review of the cost base of the University, from the perspective of informing future consideration of further improvements to the budget process and methodology.
- > improvement in the quality of internal management reporting.
- > development of a strategic asset management framework and draft 10-year Property and IT Expenditure plans.
- > review of the financial management capability across the University, including consideration of structure, staffing and skills issues.

In 2007, Deakin recorded excellent enrolment outcomes. The University exceeded its Commonwealth-supported load targets, ending the year with an over-enrolment against funded targets of 5%. This compared with a planned outcome of 2.5% above Commonwealth-funded targets. The reasons for the higher level of enrolments were lower withdrawal rates during 2007 and a tendency for students to enrol in a larger number of units during the year, raising the average student load per enrolment.

Revenue generated by fee-paying enrolments was very close to target and represented a considerable earnings increase for the year. In spite of this, and while all categories of such enrolments showed considerable growth, the University did not quite reach the ambitious student load targets it had set in its enrolment planning for 2007. The levels achieved were as follows:

- > domestic undergraduate fee-paying load of 1,077 EFTSL (against a target of 1,056 EFTSL)



- > domestic postgraduate fee-paying load of 1,572 EFTSL (against a target of 1,743 EFTSL) which was a disappointing outcome because applications in this category rose by more than 20% for the year; in 2008 more attention will be paid to improving conversion rates from applications to enrolments
- > total domestic fee-paying load yielded in excess of \$45m in revenue for the University
- > international load achieved was 4,906 EFTSL (against a target of 5,038 EFTSL). There has been a shift in the pattern of enrolments, with the postgraduate target being exceeded and partially offsetting a shortfall in undergraduate enrolments compared with target. Nevertheless the total enrolments achieved were 5% higher than in 2006, signifying continued growth in an increasingly difficult international recruitment environment. This was a good outcome for Deakin as many local and interstate universities suffered a decline in international enrolments in 2007. These students generated income of over \$80m for Deakin and they add significantly to the economy of Victoria.

Overall there has been very strong growth in student enrolments at both the Melbourne Campus at Burwood and the two Geelong Campuses of the University. The main growth areas are in the disciplines of health and business and law. In addition, the University's courses in the Faculty of Arts are strong with ongoing demand for generalist Arts courses as well as some of the more specialist degrees such as Media and Communications and International Relations. At the Warrnambool Campus demand is strongest in the professional degree courses of Nursing, Teaching and Commerce. A new course in Nursing/Midwifery and a feeder program in Law, in which first year is offered at Warrnambool, also proved popular and attracted well-qualified applicants.



Redevelopment of the Denny's Lascelles building at the Geelong Waterfront Campus has begun

Major capital works continued at the Melbourne Campus at Burwood and both Geelong Campuses. All activities on the University's Melbourne Campus at Toorak, which has been sold, were relocated at the end of 2007 into the newly completed International Centre and Business Building on the Elgar Road side of the Melbourne Campus at Burwood.

Work continued on the \$37m redevelopment of the Denny's Lascelles Building at the Geelong Waterfront Campus. The building is one of the original woolstores, located in a prime waterfront position. The redevelopment will greatly enhance Deakin's Campus and the attractiveness of Geelong's waterfront, contributing to the growing vibrancy of this area of the City of Geelong.

The major refurbishment of the Science Building at the Geelong Campus at Warrnambool was completed in 2007. The renovated building provides new laboratories and teaching spaces to support academic activities associated with the science and technology disciplines. In addition, it will accommodate Deakin's new Medical School, due to be officially opened in early 2008.

A number of Information and Communications Technology (ICT) initiatives of strategic importance to the University were implemented in 2007.

Major IT development projects successfully advanced during 2007 included:

- > implementation of the second major phase of the Data Warehouse Project to incorporate staffing data
- > selection of a University Records Management System and its initial implementation
- > implementation of a comprehensive online applications and admissions system incorporating business process re-engineering, which has led to increased efficiencies in the Faculties and in the Division of Student Administration
- > the implementation of Phase 1 of a Customer Relationship Management (CRM) system for international recruitment
- > upgrade of the Callista Student Management System
- > implementation of a Research Repository pilot system
- > upgrade of the Deakin Studies Online application.

Some attention was also given to longer term planning for the replacement of key administrative and management IT systems.

A number of improvements in the provision of services led to savings for the University in 2007. In particular, procurement processes were substantially improved by the implementation of recommendations arising from the 2006 Financial Management Review undertaken by PricewaterhouseCoopers. Key improvements were made to the processes for evaluating major procurement and tendering activity, which were supported by the introduction of a web-based tender system to improve the administration processes. Participation in the Australian National Higher Education Procurement Benchmarking Program enabled the University to realise significant savings in procurement including the cost of office products, laboratory supplies and travel.

Substantial savings stemmed from a changed approach to vehicle management. Vehicles are being retained longer to mitigate the effect of lower resale prices. This brought about a \$3m reduction in vehicle replacement requirements, while also delivering more than \$650,000 in vehicle operating savings for the year.

Other infrastructure and services developments that occurred in 2007 included:

- > alterations to the Geelong Technology Precinct at the Geelong Campus at Waurin Ponds to accommodate additional research staff
- > redevelopment of the old gymnasium at the Melbourne Campus at Burwood to create a new dance studio and provide additional research and office space
- > major upgrade of wireless connectivity across all University Campuses
- > significant enhancement of Deakin's IT disaster recovery capability
- > preparation of a five-year ICT plan and a five-year video conferencing strategy
- > development of a Strategic Asset Management framework.

Some administrative support groups were recognised externally for the quality of their services. For example, the Logistics Division was awarded the Network of In-house Print Professionals Australasia (NIPPA) Outstanding Business Award in recognition of its printery transformation project, which included a productivity improvement of more than 30%. The University's Careers Service was one of three services short-listed for the University Careers and Employment Service of the Year by Australia's peak graduate employer association, the Australian Association of Graduate Employers, and the University Library performed extremely well in the 2007 CAUL and Rodski benchmarking surveys, appearing in the top echelon of performance in nearly all indicators.

Plans for 2008 include continued implementation of the Financial Management Improvement project, actively pursuing student recruitment activities so as to achieve fee-paying student enrolment and revenue targets, creating a long-term 'future fund', and continued business process re-engineering to streamline and simplify administrative support processes and ensure appropriate levels of service.



Students use Deakin's internet cafés as places to study and socialise

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## Resources

### **Compulsory non-academic fees**

In late 2005 the Australian government passed the *Higher Education Support Amendment (Abolition of Compulsory Up-Front Student Union Fees) Act 2005* (Cwlth) which abolished the collection of compulsory non-academic fees from 1 July 2006. No compulsory non-academic fees were collected for the period 2007.

### **Payments to consultants 2007**

During the year the University engaged four consultancies costing more than \$100,000, totalling \$1,140,740. Details are as follows:

- > KPMG — \$406,902 for services towards the Financial Management Improvement Project
- > PricewaterhouseCoopers — \$390,495 for services towards the Financial Management Improvement project
- > KPMG — \$176,643 for services in compiling a business plan and grant application for the Mammalian Cell Production Facility

- > Kinematic Pty Ltd — \$166,700 for the University Information Technology Services Division Strategy.

Consultancies costing less than \$100,000 totalled 12 for the year with a combined cost of \$427,271.

### **Proper use of funds**

Public funds received by Deakin have been allocated through the University budget process for the purposes specified by the government or other public funding bodies. The University has no evidence that public funds have been used other than for the purposes specified.

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## Infrastructure

### Environmental initiatives and performance

Deakin University is committed to Environmentally Sustainable Design (ESD) in the design and construction of its buildings, and this commitment is articulated in University policies and procedures relating to the management of physical facilities. The University has a set of 'Design Standards for Facilities', which specifies design and construction elements to the finest level of detail. ESD is a core objective of these design standards, which include the following goals:

- > energy minimisation
- > optimal use of natural light
- > minimal chemical usage for cleaning and maintenance
- > water use minimisation
- > space use optimisation.

A partnership continues between Deakin's Facilities Management Services Division and the School of Architecture and Building. The School's Built Environment Research Group (BERG) has been involved in the ESD of all major projects for a number of years. BERG's Mobile Architecture and Building Environment Laboratory (MABEL) has also been involved in the ongoing operation, testing and improvement of the performance of the University's buildings.

Major projects embodying the principles of ESD that were underway or completed in 2007 are:

- > International Centre and Business Building, along with a multi-level car park, at the Melbourne Campus at Burwood
- > Science Building refurbishment at the Geelong Campus at Wurn Ponds, including fitout for the new Medical School
- > Dennys Lascelles Building refurbishment at the Geelong Waterfront Campus.

Campus masterplans also include ESD principles as a core objective, specifying that a Campus will provide a sustainable and healthy environment for students, staff and visitors through innovative design solutions.

Each major construction site has an environmental management plan and the following initiatives have been implemented on all major construction sites:

- > use of recycled material
- > restricted use of polystyrene foam
- > waste separation management
- > site run-off management
- > site environmental plans
- > water sensitive urban design plan (ICBB and Elgar Road car park sites only)
- > design incorporating construction noise minimisation features.

Deakin's Facilities Management Services Division continues to investigate and implement new environmental initiatives. Environmental improvement initiatives include:

- > mechanical plant upgrades to more efficient system
- > water restrictors fitted to Geelong student residences to decrease water consumption
- > lighting controls fitted to the library at the Geelong Campus at Wurn Ponds to minimise energy usage
- > installation of new main switch and mechanical boards with metering to enable consumption data to be analysed critically
- > revegetation of significant areas with native and indigenous plants.

The 2007 year also saw the establishment of an Environmental Policy Advisory Committee. A two-year TravelSmart project between Deakin and the Department of Infrastructure has been awarded a \$50,000 grant which has been matched by internal funding. The TravelSmart program promotes car pooling, cycling, public transport, walking and other sustainable means of travel.



Dr Harold Mitchell AO delivered the 2nd annual Brookes Oration at the Deakin Business School during Deakin Week

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## Services

### **Nature and range of services**

Deakin provides higher education for suitably qualified Australian and international students through on-campus and off-campus learning modes in which the place, time and mode of study are flexible.

The University operated across five campuses in 2007: the Geelong Campus at Wurn Ponds, the Geelong Waterfront Campus, the Melbourne Campus at Burwood, the Melbourne Campus at Toorak and the Warrnambool Campus. Academic studies were coordinated through the Faculties of:

- > Arts
- > Business and Law
- > Education
- > Health, Medicine, Nursing and Behavioural Sciences
- > Science and Technology.

Programs are available at undergraduate and postgraduate levels. They cover all disciplines in these Faculties and include professional courses, mid-career professional development courses and postgraduate studies by coursework and research.

DeakinPrime provides, or promotes, education and development programs that are tailored to the needs of commercial organisations, government bodies, professional associations and industry groups.

Award courses promoted by DeakinPrime are awards of the University.

In summary, Deakin University provides services to undergraduate and postgraduate students in award and non-award courses. The professions, industry and governments utilise the University's academic and other expertise through its professional development and continuing education programs, its teaching and its research and consultancies.

# The organisation

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## Establishment of the University

Deakin University was established under the *Deakin University Act 1974* (Vic). The responsible minister is the state Minister for Skills and Workforce Participation.

For funding purposes and some aspects of the University's operations, the responsible minister is the Commonwealth Minister for Education, Employment and Workplace Relations. Before the change of federal government in November, the responsible minister was the Commonwealth Minister for Employment, Science and Training.

On 1 August 1990, Deakin University at Geelong and the Warrnambool Institute of Advanced Education merged under the provisions of the *Deakin University (Warrnambool) Act 1990* (Vic).

On 31 December 1991, Deakin University merged with Victoria College to form a new Deakin University under the terms of the *Deakin University (Victoria College) Act 1991* (Vic).

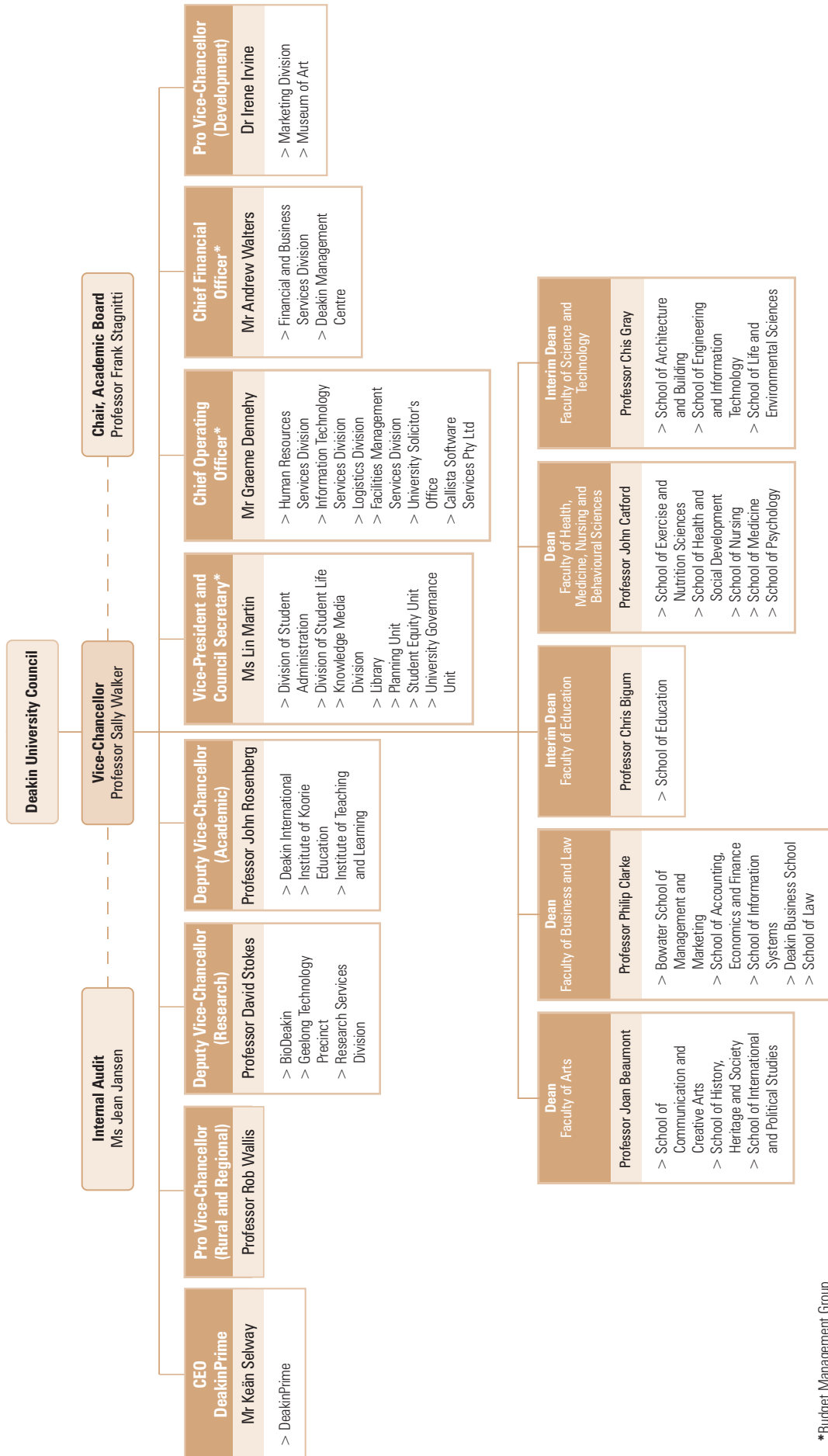
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## Objectives

The objectives of Deakin University are set out in Section 5 of the *Deakin University Act 1974* (Vic) as follows:

- (a) to establish a university in the Geelong area
- (ab) to maintain campuses of the University at Geelong, Warrnambool, Burwood, Malvern and such other place or places as are prescribed by the Statutes
- (b) to provide tertiary education at university level for students attending the University and to provide the opportunity for tertiary education at university level to all qualified persons whether within or outside Victoria by means of distance education programmes
- (c) to arrange for the provision of study centres at appropriate places in or outside Victoria where students taking distance education programmes can have access to library and other study facilities and can be given tutorial and practical assistance
- (d) to provide all such courses of study as are prescribed by the Statutes and all such units as are approved by the Academic Board from time to time
- (e) to aid by research and other means the advancement of knowledge and the pursuit of the benefits of its practical application
- (ea) to promote critical enquiry within the University and in the general community
- (f) to confer after appropriate assessment the several degrees of Bachelor, Master and Doctor and grant such diplomas and certificates as are prescribed by the Statutes.

# Deakin University Organisational Chart



\*Budget Management Group

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## Senior Officers

### **Chancellor Mr D.M. Morgan**

BCom *Melb.*

The Chancellor is the titular and ceremonial head of the University and the chair of the University's governing body, the Deakin University Council.

### **Vice-Chancellor Professor S.A. Walker**

LLB(Hons) LLM *Melb.*

The Vice-Chancellor is responsible to the Council for the academic and administrative affairs of the University and for maintaining and promoting the efficiency and good order of the University.

### **Chair of Academic Board Professor C.N. Gray (to 11 May 2007)**

BA(Hons) *Lanc.*, MSc *Leeds.*, PhD *Brad.*, CIH

### **Chair of Academic Board Professor F. Stagnitti (from 12 May 2007)**

BSc(Hons) PhD *Griffith*, GradCertEnviroStats *UC*, FIMA CMath CSci *UK*, FAusMS

The Chair of Academic Board is the representative of the principal academic authority within the University. The Academic Board is responsible to the Council for maintaining the highest standards in teaching and research.

### **Vice-President and Council Secretary Ms L.M. Martin**

BSc(Hons) MSc DipCompSc *Adel.*, GAICD

The Vice-President and Council Secretary is responsible to the Vice-Chancellor for the development of the academic support and information services of the University. This position is also responsible for the University planning and governance units and assumes the role of Council Secretary.

### **Chief Financial Officer Mr A. Walters**

BCom *Natal*, B.Compt(Hons) *S.Af.*, Global Executive Development Program *Gordon Institute of Business Science*, South Africa, CA Zimbabwe

The Chief Financial Officer is responsible to the Vice-Chancellor for the financial operations of the University delivered through the Financial and Business Services Division. This position is also responsible for risk management and the University's insurance portfolio.

### **Chief Operating Officer Mr G. Dennehy**

BEng(Hons) *UTS*, CPEng, FCDA

The Chief Operating Officer is responsible to the Vice-Chancellor for the provision of leadership and oversight of the University's corporate services relating to Human Resources, Logistics, Facilities Management and Information and Communication Technology. This position is also responsible for the University's Solicitor's office and the University's controlled entities.

### **Deputy Vice-Chancellor (Academic) Professor J. Rosenberg**

BSc(CompSc) PhD *Monash*, FACS, FTSE, FAICD

The Deputy Vice-Chancellor (Academic) is responsible to the Vice-Chancellor for the general superintendence and good governance of the principal academic activities of the University and for the internationalisation portfolio.

### **Deputy Vice-Chancellor (Research) Professor D.M. Stokes**

BSc PhD DipEd *Melb.*, FEIANZ

The Deputy Vice-Chancellor (Research) is responsible to the Vice-Chancellor for the development and enhancement of research within the University.

### **Pro Vice-Chancellor (Development) Dr I. Irvine**

BSc *Glas.*, GDipAdmin *Canberra*, DipEd PhD *Melb.*

The Pro Vice-Chancellor (Development) is responsible to the Vice-Chancellor for marketing and fundraising activities, including domestic recruitment, business, government, alumni and community relations.



**Pro Vice-Chancellor (Rural and Regional)  
Professor R.L. Wallis**

BSc(Hons) MSc DipEd *Monash*, GDipEdStud  
*C.Sturt*, GCertMgt *S.Qld.*, PhD *PWU*, MAICD

The Pro Vice-Chancellor (Rural and Regional) is responsible to the Vice-Chancellor for the strengthening of Deakin's work in partnership with local regional communities, governments, industry, business and the professions.

**Chief Executive Officer, DeakinPrime  
Mr K.J. Selway**

BBus(Mktg) *Chisholm*, GDipMgt *Victoria UT*, FAICD

The Chief Executive Officer of DeakinPrime is responsible for the University's educational and commercial services to the professions, industry and government.

**Dean of Arts  
Professor J.E. Beaumont**

BA(Hons) *Adel.*, PhD *Lond.*

**Dean of Business and Law  
Professor P.H. Clarke**

LLB *W.Aust.*, LLM *Auck.*

**Dean of Education  
Professor S.J. Grundy (to 13 July 2007)**

BA(Hons) *Qld.*, MA *W.Aust.*, PhD *Murd.*

**Interim Dean of Education  
Professor C. Bigum (from 14 July 2007)**

BSc DipEd *Melb.*, PhD *ANU*

**Dean of Health, Medicine, Nursing and  
Behavioural Sciences  
Professor J.C. Catford**

MA *Camb.*, MSc *Lond.*, MBB Chir *Camb.*, DCH,  
DM *S'ton.*, FFPHM, FRCP, FAFPHM, FIPAA,  
FAICD

**Dean of Science and Technology  
Professor A.M. Flitman (to 11 May 2007)**

BSc(Hons) *York(UK)*, PhD *Warw.*

**Interim Dean of Science and Technology  
Professor C.N. Gray (from 12 May 2007)**

BA(Hons) *Lanc.*, MSc *Leeds.*, PhD *Brad.*, CIH

Deans of Faculties, subject to the general superintendence of the Vice-Chancellor, are responsible to the Council for the general administration of their Faculties.



Deakin University Senior Executive: from left to right (back row) Ms Lin Martin, Dr Irene Irvine, Mr Graeme Dennehy, Prof David Stokes, Prof Rob Wallis, Prof John Rosenberg, (front row) Prof Sally Walker, Mr Keän Selway, Mr Andrew Walters

# Council members' report

The members of the Deakin University Council present their report on the consolidated entity consisting of Deakin University and the entities it controlled at the end of, or during, the year ended 31 December 2007.

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## Members

Set out below are the names, together with qualifications and experience, method of appointment, term of office and years served on Council, of persons who held office as members of the Deakin University Council during the year 2007.

## Members ex-officio

### The Chancellor Mr D.M. Morgan

BCom *Melb.*

#### **Term of office:**

1 January 2006–  
31 December 2008

#### **Years on Council: 9**

Company director; Board member, Australian Trade Commission (Austrade); Chair, Austrade Board Audit Committee; Board member, Victorian Centre for Advanced Materials Manufacturing; Chair, National Motor Vehicle Theft Reduction Council; the Geelong Economic Development Board; and G21—Geelong Region Alliance Ltd.



Deakin University Council members and Council Secretary, 2007

**The Vice-Chancellor  
Professor S.A. Walker**

LLB(Hons) LLM *Melb.*

**Term of office:**

3 January 2003–1 January 2012

**Years on Council: 5**

Vice-Chancellor and President of Deakin University.

Previously, Senior Deputy Vice-Chancellor; Hearn Professor of Law; President of the Academic Board; Pro-Vice Chancellor (University of Melbourne). Associate to Justice Aickin, High Court of Australia (1978/79); Solicitor (1979); Associate Partner, Gillotts Solicitors (1980).



**The Chair of Academic Board  
Professor C.N. Gray**

BA(Hons) *Lanc.*, MSc *Leeds*, PhD *Brad.*, C.I.H.

**Term of office:**

1 January 2005–11 May 2007

**Years on Council: 2.5**

Professor of Occupational Hygiene and Industrial Toxicology; Head of the School of Biological and Chemical Sciences, 2002–2005. Academic Board member for nine years, incorporating a four-year term as Academic Board Executive member. Chair, Teaching and Learning Committee, 2006.



**Professor F. Stagnitti**

BSc(Hons) PhD *Griffith*, GradCertEnviroStats *UC*, FIMA CMath CSci *UK*, FAusMS

**Term of office:**

14 May 2007–  
31 December 2007

**Years on Council: 0.5**

Professor and Chair in Aquatic Science in the School of Life and Environmental Science; Associate Dean (Research) of the Faculty of Science and Technology. Academic Board member for nine years, incorporating a two-year term as Vice Deputy Chair and Acting Chair of the Board.



**Members appointed by the Governor  
in Council**

**Ms J. Crowe**

BA, DipSS, GradDipEdAd *Melb.*, DipEd *State College of Victoria–Hawthorn*, GradDipApS(Psych) *Phillip Institute of Technology*

**Term of office:**

28 March 2006–  
31 December 2008

**Years on Council: 1.5**

Principal, Melbourne Girls' College; extensive career in education, including senior positions in government and non-government schools, the TAFE sector and an international school. Qualified social worker and educational psychologist.



**Mrs S. De Gilio**

MSc *Brist.*, NZROT, MHSM, CHSM, AFCHSE, FAICD

**Term of office:**

28 March 2006–  
5 November 2007

**Years on Council: 4.5**

Chief Executive Officer of Barwon Health. Clinical rehabilitation and health management background. President, Geelong Chamber of Commerce; Director, City of Greater Geelong Economic Development Board. Leadership positions in health services in the United Kingdom, New Zealand and Australia over the past 20 years.



**Ms J.M. Lightowers**

BA DipEd *W.Aust.*, LLB(Hons) *LLM Melb.*

**Term of office:**

1 January 2007–  
31 December 2009

**Years on Council: 4**

Solicitor; partner, Francis Abourizk Lightowers; admitted to practice in Queensland, New South Wales, Tasmania and Victoria; qualified mediator. Specialises in intellectual property, corporate governance and fiduciary obligations, among other areas. Board member, International Network for Acid Prevention (INAP) Limited. Qualified teacher.



**Mr J.D. Maddock**

GDipBus *RMIT*, GDipEd *HIAE*

**Term of office:**

1 January 2005–  
31 December 2007

**Years on Council: 5.5**

Chief Executive Officer, Box Hill Institute of TAFE. Extensive experience in vocational education and training (VET). Significant involvement in government agencies and industry organisations. Board member, Victorian Curriculum and Assessment Authority and Deputy Chair, Victorian Tertiary Admissions Centre. Formerly chair of the VECCI Regional Development Committee for Geelong and South-West Region.



**Mr A.E. Fairley**

LLB *Melb.* FAICD

**Term of office:**

1 January 2005–  
31 December 2007

**Years on Council: 5**

Company director and solicitor specialising in equity and superannuation law. Board member, Ecotourism Australia; Director, International Ecotourism Society (Washington, DC); Chair, Alpine Resorts Coordinating Council, Victoria; Chair, Zoological Parks and Gardens, Victoria.



**Mr J.G. Nicol\***

LLB *Melb.*

**Term of office:**

1 January 2007–  
31 December 2009

**Years on Council: 2.5**

Partner in Warrnambool firm of solicitors, practising in the area of commercial law, succession planning and estate administration. Appointed Notary Public in 1985. President of the Western District Law Association. Councillor, City of Warrnambool, 1988–1992 and 1996–2004; Mayor, City of Warrnambool, 2001–2003. Various regional board roles.



**A member appointed by the Minister**

**Vacant**

**Members appointed by Council**

**Mr M.J. Dowling**

B<sup>Ec</sup> *Monash*, FCA, KSJ

**Term of office:**

1 January 2006–  
31 December 2008

**Years on Council: 4.5**

Chartered accountant. Senior partner in large accounting firm for 20 years. Corporate consulting business since 1996. Chair, GMHBA Limited; Chair, Victorian Regional Channels Authority. Extensive involvement with Geelong business and community. Past president, Geelong Chamber of Commerce.



**Ms M.L. Edmond**

BArch *Melb.*, LFRAIA

**Term of office:**

1 January 2005–  
31 December 2007

**Years on Council: 9**

Architect specialising in institutional architecture, urban design, dispute resolution and design teaching. Member of various associations including Royal Australian Institute of Architects, the National Trust of Victoria and the National Gallery of Victoria.



**Mr A.J. Kloeden\***

BSc(For) (Hons)  
MSc(BusStud) *Lond.*

**Term of office:**

1 January 2006–  
31 December 2008

**Years on Council: 11**

Currently Chair of Serco Group Pty Ltd. Formerly Chief Executive Officer of Serco Asia Pacific, Managing Director of the Woolmark Company and Chief Executive Officer of Melbourne IT. Leadership and change management roles with leading Australian companies in retail and wholesale industries.



**Ms J.A. Ward**BCom *Melb.*, ACA, FTIA, AICD**Term of office:**

9 June 2005–12 August 2007

**Years on Council: 2.5**

Chartered accountant; former partner at PricewaterhouseCoopers, including firm management and global leadership roles. Since retiring from professional practice, company director in both the not-for-profit and corporate sectors, including VicForests, the Transport Accident Commission, Melbourne Girls Grammar School, DOXA Youth Foundation. Chair, Falls Creek Alpine Resort Board. Adviser to state and federal governments.

**Mr P. Meehan**BBus *RMIT*, FCA, CPA**Term of office:**20 February 2007–  
31 December 2009**Years on Council: 1**

Chief Financial Officer, Australia Post; Board member and trustee of the Australia Post Superannuation Scheme. Formerly Group Finance Manager, National Mutual Holdings (now AXA). Extensive experience in senior finance and administration roles.

**Dr P.C. Turner\***BA(Hons) *W.Aust.*, LITTM *Paris*,  
PhD *Syd.*,  
AMusA, MACE**Term of office:**1 January 2006–  
31 December 2007**Years on Council: 12**

Principal of The Geelong College. Senior teaching and administrative experience in independent schools in Sydney and Adelaide. Tutor and research scholar in French studies, universities of Western Australia, Paris and Sydney. Serving on and chairing a number of committees for the New South Wales Board of Studies and the Association of Independent Schools. Council member, Marcus Oldham College. Previously, trustee, Geelong Performing Arts Centre.

**A member elected by and from the professors****Professor G. Stokes**BA(Hons) DipEd. *Adel.*,  
PhD *Flin.***Term of office:**1 January 2006–  
31 December 2007**Years on Council: 2**

Professor of Politics, School of International and Political Studies. Research interests include democratic theory and practice, Australian political thought, and indigenous politics. Convenor of the Institute for Citizenship and Globalisation in the Faculty of Arts, 2001–2004. Member, University Joint Committee on Research, 2002–2003, Academic Board, 2003–2004. Previously, government advisor and public servant.

**A member elected by and from the academic staff****Mr N.T. Millen**TPTC *Coburg*, BA(Hons)  
*La Trobe*, MSocSci *Qld.***Term of office:**6 February 2006–  
31 December 2007**Years on Council: 2**

Senior Lecturer, School of History, Heritage and Society, Faculty of Arts. Research interests: sociology of health and illness, with emphasis on the politicisation of illness in public health policy and chronic illness and stigma. Served on many Deakin Faculty and University committees, principally Academic Board and the Arts Faculty Board. Currently serves on the Vice-Chancellor's Staff Consultative Committee and 2003–2008 Enterprise Bargaining Implementation Committee.



## A member elected by and from the general staff

### Ms N. Khalifa

Bed BTeach *Deakin*

#### **Term of office:**

1 January 2007–  
6 October 2007

**Years on Council:** 0.75

Staff and Student Support Manager, Faculty of Education, Deakin University. Worked in the higher education sector for 10 years including time at the Australian Catholic University.



### Ms N. Springle

BA (Lit) *Deakin*

#### **Term of office:**

28 April 2007–  
31 December 2007

**Years on Council:** 0.75

Postgraduate student currently studying a Masters degree in International and Community Development. Has served on a variety of university committees and is currently the Distance Campus Vice-President of DUSA4U. Worked in a variety of fields such as publishing, community arts and health care.



\* Deputy Chancellors' terms of office conclude 31 December 2007

## Members elected by and from the students

### Mr D.L. Hauenstein

#### **Term of office:**

1 January 2007–  
31 December 2007

**Years on Council:** 2

Undergraduate student (Bachelor of Laws/ Bachelor of Commerce) and Service Centre Engineer, Deakin University IT Service Desk; volunteer, Geelong Community Legal Service; President, Deakin Law Students Society; member of various committees within Deakin and outside.



### Mr M.I. Khan

BSc(CS) *Karachi*

#### **Term of office:**

1 January 2007–  
28 February 2007

**Years on Council:** 1

PhD candidate in Computational Engineering, 2002–2007. Completed PhD in February 2007. Worked as research assistant, Karachi Institute of Information Technology (KIIT) and professional software engineer. Currently Managing Director, Tohfay Australia. Has served on a variety of university committees including Deakin University Students' Association Council as Vice-President (Postgraduate), 2004–2005.



## Meetings of members

The numbers of meetings of the Deakin University Council and of each standing committee of Council held during the year ended 31 December 2007, and the numbers of meetings attended by each member were as follows.

Number of meetings held during the year	Council		Standing Committees of Council											
			Audit and Risk		Campus Planning		Chancellor's Advisory		Finance and Business Affairs		Legislation		University Appeals <sup>1</sup>	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
	8		4		5		6		7		6		-	
Mr D.M. Morgan <sup>4</sup>	8	7					6	5						
Ms J.A. Crowe <sup>4</sup>	8	7			5	3								
Mrs S. De Gilio <sup>4</sup>	7	0							6	0				
Mr M.J. Dowling	8	8	4	3					7	6				
Ms M.L. Edmond	8	8			5	5								
Mr A.E. Fairley <sup>4</sup>	8	4							7	3			-	-
Professor C.N. Gray	3	3					3	2	2	2				
Mr D.L. Hauenstein	8	7							7	7			-	-
Ms N. Khalifa <sup>4</sup>	5	1			4	1								
Mr M.I. Khan	1	1			1	1					1	1		
Mr A.J. Kloeden <sup>4</sup>	8	7					6	4						
Ms M.J. Lightowlers <sup>3,4</sup>	8	6									5	5	-	-
Mr J.D. Maddock <sup>4</sup>	8	6							7	5				
Mr P. Meehan <sup>4</sup>	7	6	3	2										
Mr N.T. Millen	8	8							7	5				
Mr J.G. Nicol <sup>3</sup>	8	8	4	4			6	6	7	7				
Ms N. Springle	5	1			4	1					3	0		
Professor F. Stagnitti	5	4					3	3	5	4				
Professor G.M. Stokes	8	8											-	-
Dr P.C. Turner <sup>4</sup>	8	7			5	5	6	5						
Professor S.A. Walker	8	8	2				6	6	7	6				
Ms J.A. Ward	5	4	3	3										
Mr I.S. Crawford			4	3										
Mr G. Dennehy					5	4					6	4		
Dr S. Hepburn											3	1		
Professor. C. Langston					5	3								
Mr B. Marshall											6	5		
Ms L.M. Martin							6	6			6	4		
Professor A. Rees											3	3		
Professor J. Rosenberg					5	4								
Mr A. Walters									7	7				

A—Meetings eligible to attend as a member

B—Meetings attended as a member

<sup>1</sup> The University Appeals Committee was not required to meet during 2007.

<sup>2</sup> The Vice-Chancellor does not exercise her right to membership of this Committee, but attends meetings at the request of the Chair. In 2007 she attended all four meetings.

<sup>3</sup> Attended first meeting as a Visitor, pending reappointment by the Governor In Council.

<sup>4</sup> Leave of Absence was approved by Council during the year for some meetings not in attendance.

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## Principal activities

During the year the principal continuing activities of Deakin University consisted of providing academic and professional studies at undergraduate and postgraduate level in award and non-award courses to suitably qualified entrants; undertaking research; and providing academic and other expertise to industry, the professions and government through professional development and continuing education programs, teaching, research and consultancies.

During the 2007 reporting period no significant changes occurred in the nature of the continuing principal activities of Deakin University.

### Review of operations

A review of operations for the year 2007, of which this report forms a part, is set out on pages 11–65.

### Significant changes in the state of affairs

No major changes or factors occurred during 2007 which have affected the University's operational objectives for the year.

No events occurred subsequent to balance date which may have a significant effect on the operations in subsequent years.

### Significant changes in financial position for the year ended 31 December 2007

The University's reported consolidated operating profit before tax for 2007 is \$49.1m, compared to \$57.8m (restated) for 2006.

Total revenue for the year was \$460.8m, \$12.4m or 2.8% above 2006. This included:

- > the receipt of a \$4m one-off capital grant from the Australian Government towards the establishment of the Dennys Lascelles Building
- > an increase of \$15m in payments received under Australian Government Higher Education Loan programs
- > a \$21.4m increase in income from fee-paying students
- > a decrease of \$4.4m in income received from the Australian Government under its obligations to finance unfunded liabilities of the State Superannuation Fund
- > a decrease of \$18m in income received from the Australian Government towards the establishment of the Deakin Medical School.

Total expenses were \$411.7m, \$21.1m higher than 2006, mainly due to the impact of scheduled Enterprise Bargaining Agreement salary increases, the staffing costs associated with establishing the Deakin Medical School and the additional depreciation arising from a change in the treatment of research grant assets.

Total assets have increased by \$97.5m from 2006. Cash and other financial assets were \$40.4m higher than 2006; capital assets, including property, plant and equipment and non-current assets classified as held for sale, were \$67.5m higher than 2006.

Total liabilities increased by \$8.4m.

The University's current ratio, a measure of its capacity to apply current assets to meet current liabilities, has improved from 1.34 to 1.40. No new borrowings were drawn down during the year.

The University's reported consolidated operating profit before tax for 2007 is \$49.1m. When adjusted for major one-off items, the normal operating profit is \$45.1m, compared to a comparable figure of \$45.6m in 2006.

### Environmental regulation

Deakin University is not subject to any particular environmental regulations, but it has a number of measures in place to support environmental sustainability. Information on these measures can be found on page 38.

### Insurance of officers

The University maintains a comprehensive insurance program, which is renewed annually. The insurance program includes a suite of directors' and officers' liability insurances for members of Council and directors and officers of the University and all controlled entities of the University. For the 2007 year, the insurance premium for this insurance was \$22,343.

### Proceedings on behalf of Deakin University

As at 31 December 2007, Deakin University was involved in the following litigation:

- > *Contrax Plumbing Pty Ltd v Deakin University*, arbitration proceedings instituted by a plumbing contractor seeking damages for delay in completion of a major project
- > *Deakin University v Karantzas*, proceedings in the Magistrates' Court instituted by Deakin against a former staff member who failed to reimburse Deakin for expenses incurred in relation to salary packaging.

This report is made in accordance with a resolution of the members of the Deakin University Council.



Mr David M. Morgan  
Chancellor and Member of Deakin University Council  
Burwood

20 March 2008



## Five-year financial summary (consolidated)

	2007	2006	2005	2004	2003
	\$000	\$000	\$000	\$000	\$000
<b>Operating income</b>					
Commonwealth Government grants	170,227	166,137	140,396	116,007	120,448
HECS–HELP*	80,601	76,101	70,965	61,977	64,979
State government grants	1,323	5,310	4,924	6,798	3,735
Other	208,639	200,864	220,111	211,040	153,683
Total operating income	460,790	448,412	436,396	395,822	342,845
Operating expenses	411,716	390,608	408,174	384,775	321,408
Operating result before income tax	49,074	57,804	28,222	11,047	21,437

\* Higher Education Contribution Scheme – Higher Education Loan Program

### Balance sheet information

#### Current assets

Cash assets	44,472	28,956	15,858	34,332	54,571
Receivables	31,624	31,408	18,591	20,824	20,595
Other financial assets	75,060	50,224	43,660	34,266	32,501
Deferred government contribution for superannuation	13,617	12,276	12,275	12,610	12,241
Non-current assets classified as held for sale	27,730	27,730	-	-	-
Other	1,479	815	879	1,420	1,518
	193,982	151,409	91,263	103,452	121,426

#### Non-current assets

Other financial assets	2,299	1,683	1,074	6,017	5,185
Property, plant and equipment	709,563	642,082	630,966	600,449	532,702
Deferred government contribution for superannuation	133,832	147,931	156,274	139,622	144,971
Other	2,000	1,000	944	2,598	7,674
	847,694	792,696	789,258	748,686	690,532

#### Liabilities

Payables	88,949	67,324	44,976	44,233	49,417
Borrowings	17,286	19,794	22,082	27,889	29,969
Provision for employee entitlements	40,435	38,465	39,609	36,356	32,539
Deferred employee benefits for superannuation	147,449	160,207	168,549	152,232	157,212
Other	56	21	1	142	142
	294,175	285,811	275,217	260,852	269,279

Net assets	747,501	658,294	605,304	591,286	542,679
Total equity	747,501	658,294	605,304	591,286	542,679

# University governance

Deakin University is committed to best practice governance principles. This commitment is reflected throughout the University's operations, permeating all areas of planning and decision making.

The *Deakin University Act 1974 (Vic)* (the Act), provides the legislative basis for the University and its operations.

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## Deakin University Council

[www.deakin.edu.au/council/](http://www.deakin.edu.au/council/)

Under the Act, Council is the governing authority of the University and as such is responsible for the 'entire direction and superintendence of the University'. Council has determined the following as being its primary functions:

- > the strategic direction
- > appointment of the Vice Chancellor and review of his/her performance
- > key policies, legislation and compliance
- > risk management
- > control and accountability
- > oversight of commercial activities and controlled entities
- > academic standards
- > University culture
- > Council's own affairs.

## Composition, membership and terms of office

[www.deakin.edu.au/council/members/main.php](http://www.deakin.edu.au/council/members/main.php)

Deakin University Council has a membership of 21 members. As at 31 December 2007 Council had 17 members and 4 vacancies.

The names, qualifications and experience of the members of Council who held office at the date of this report, the method of their appointment, term of office, years served on Council and attendance at meetings are set out as part of the Council Members' Report on pages 44–51.

In accordance with the Act, external members of Council are appointed for a three-year term; members of University staff are elected for a two-year term and University students are elected for a one-year term. The Chancellor, the Vice-Chancellor and the Chair of Academic Board are ex-officio members.

No elected or appointed member of Council shall hold office for a period of more than 12 years (whether consecutive or not) unless Council specifically resolves 'that the person may continue to be a member beyond that period'. The Council also appoints Deputy Chancellors. Deputy Chancellors are appointed for a period of one year, and in this capacity, they are members of the Chancellor's Advisory, Honorary Degrees, Nominations and Senior Salaries committees.

Appointments to membership of Council are made in accordance with the relevant procedure<sup>1</sup>. Elections to membership of Council are conducted in accordance with University legislation, policies and procedures as approved by Council.

A comprehensive induction program, encompassing an induction kit, information sessions and mentor support, is made available to all new members of Council in accordance with a Council-approved process.

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<sup>1</sup>Appointment of Council Members procedure

## **Chancellor and Deputy Chancellor**

Council elects the Chancellor of the University for a term of three years or less.

The Chancellor, or a Deputy Chancellor in the absence of the Chancellor, presides at meetings of Council.

The Chancellor is an ex-officio member of every University Faculty, board and committee established by resolution of Council, except that established to search for a new Chancellor. The Chancellor may also preside at any meeting of these bodies.

The Chancellor is responsible for conducting the annual review of the Vice-Chancellor's performance (taking into account advice from the relevant committee), and for reporting to Council that the review has been undertaken.

The Chancellor confers degrees of the University on Council's behalf and has authority to act on behalf of Council in regard to such matters that the Chancellor's Advisory Committee (a standing committee of Council) determines cannot wait until the next meeting of Council.

## **The roles and responsibilities of Council members**

Guidelines, approved and periodically reviewed by Council, set out the roles and responsibilities of Council members, including information about the legal responsibilities of Council members, their liability and indemnity, the duties of Council members as determined by Council and the responsibilities of the University in respect of Council members. These responsibilities include providing members with any legal and financial advice that may be necessary to enable them to discharge their fiduciary duties.

## **Conflicts of interest**

In accordance with the Act, a member of Council must take reasonable steps to avoid all conflicts of interest unless these are disclosed in accordance with the relevant section of the Act.

The procedure for disclosure by Council members of potential conflicts of interest and for disclosure of recent transactions with the University is approved and periodically reviewed by Council. It is the responsibility of all members to ensure that they comply with this procedure. Members of Council and members of committees of Council are required to declare a potential conflict of interest either: before the commencement of a meeting at which matters that a member considers may be in conflict with their own interests are due to be discussed or voted upon; or during the meeting, at the point at which the potential conflict of interest becomes known to the member. If the chairperson perceives a potential conflict of interest of which a member may be unaware, the chairperson raises the matter with that individual.

All declarations of conflicts of interest are recorded in the minutes of the meeting at which they arise.

Once a declaration has been made, unless otherwise directed, the member must not be present during any deliberation on that matter and must not vote on the matter. If the member does vote on the matter, the vote is disallowed.

All decisions made by Council or the relevant committee regarding conflicts of interest and any actions taken as a result are fully minuted in a resolution.

In addition, members are required annually to complete a written declaration of interests.

## **Council performance review**

Council undertakes a formal biennial review of its performance against its agreed functions and a range of other priorities and operational matters. Outcomes of the review are documented in an action plan for the forthcoming year which is approved by Council.

Council periodically receives a report of progress until all actions have been implemented. The last performance review was conducted in December 2005, with the next review scheduled for February 2008 under a revised format.

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## Committees of Council

Council is assisted in the discharge of its duties by a number of standing and ad hoc committees. Terms of reference for each standing committee of Council set out the composition and responsibilities of the respective committee, and each committee operates in accordance with a set of common operating provisions for standing committees of Council.

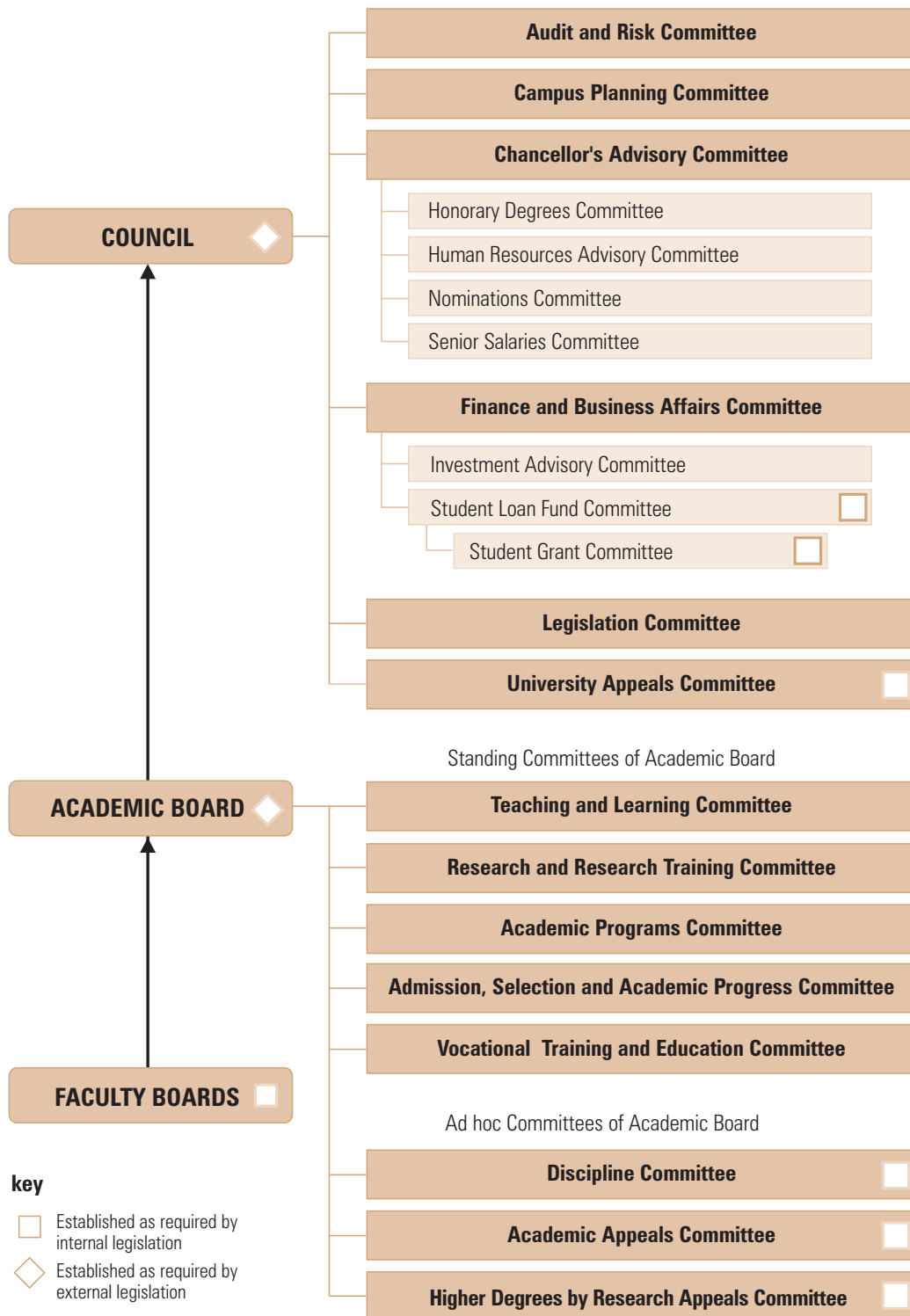
Each committee conducts a formal, biennial performance review against its terms of reference and other specified performance indicators, including a review of its composition and terms of reference to identify potential areas of change, with a report of the findings and recommendations submitted to Council via the Chancellor's Advisory Committee. As part of this biennial review process, the Vice-Chancellor is invited to assess the adequacy and effectiveness of the system of standing committees of Council and to report this to the Chancellor's Advisory Committee. Advice and any recommendations to Council arising from the Vice-Chancellor's assessment are then determined by that committee.

An additional annual review is undertaken by the chairperson of each standing committee to assess the extent to which the committees have worked effectively during that year. The outcome of that review is reported to Council via the Chancellor's Advisory Committee.

The obligations of each standing committee of Council (except the University Appeals Committee, which meets only as required) are set out in an annual schedule of business, in accordance with the powers and responsibilities detailed in its terms of reference. Schedules of business for standing committees of Council are established at the end of a year for the following year and reported to the last meeting of Council in each year by the Chancellor's Advisory Committee. At its last meeting in each year, each standing committee of Council (with the exception of the University Appeals Committee) reviews the extent to which it has fulfilled the obligations set out in its schedule of business for that year. Each committee reports to Council, via the Chancellor's Advisory Committee, on the outcome of that review and on any action that arises from it as appropriate.

Items of business to be considered at any scheduled special meeting of any standing committee of Council must be listed on that committee's schedule of business for that meeting. However, additional items of business can be considered at any ordinary meeting of any standing committee of Council.

**University Committee Structure:  
Committees Reporting to Council and Academic Board**



## **Audit and Risk Committee**

The Audit and Risk Committee comprises the Chancellor or nominee and a minimum of three and up to four members, not being staff or students of the University, appointed by Council, at least one of whom must be a person who is or has been in public accounting practice and who is a member of a professional accounting association as well as one person who is a member of the Finance and Business Affairs Committee.

Responsibilities of the Audit and Risk Committee include providing advice to Council on the University's accounting, control and reporting practices and the management of corporate assets and risks. The Committee also considers external and internal audit reports and reviews internal audit policy.

Members of the Audit and Risk Committee at 31 December 2007 were Mr J.G. Nicol (Acting Chair), Mr M.J. Dowling, Mr I.S. Crawford and Mr P.J. Meehan.

The Committee met four times during the year.

## **Campus Planning Committee**

The Campus Planning Committee comprises eight members: the Chancellor or nominee; three members of Council, two of whom are external members and one member of Council elected by the staff; the Vice-Chancellor or nominee; the Chief Operating Officer or nominee; the Chair of Academic Board or nominee; and one elected student member of Council.

The Committee advises and recommends to Council on major and long-term campus planning and building matters, which are to be in accordance with the University's Strategic Plan, and on the development and implementation of the Capital Management Plan. The Committee also reviews and approves relevant policy.

Members of the Campus Planning Committee at 31 December 2007 were Ms M.L. Edmond (Chair), Ms J.A. Crowe, Mr G. Dennehy, Professor C.A. Langston, Professor J. Rosenberg, Ms N.M. Springle and Dr P.C. Turner.

The Committee met five times during the year.

## **Chancellor's Advisory Committee**

The Chancellor's Advisory Committee comprises seven members: the Chancellor; the Deputy Chancellors; the Vice-Chancellor; the Chair of the Academic Board; and the Vice-President and Council Secretary.

When acting as the Nominations Committee, the Committee's membership is augmented by a student member of Council. When acting as the Honorary Degrees Committee, membership is augmented by the Deputy Chair of Academic Board, another academic nominated by the Board and the professor elected to Council. When acting as the Senior Salaries Committee, membership is restricted to the Chancellor, the Deputy Chancellors and the Vice-Chancellor; when acting as the Senior Salaries Subcommittee, the composition is limited to the Chancellor and the Deputy Chancellors. When acting as the Human Resources Advisory Committee, membership comprises the Chancellor, the Vice-Chancellor, the Deputy Chancellors, the Chair of the Academic Board and the Chief Operating Officer.

Responsibilities of the Chancellor's Advisory Committee include:

- > matters the Committee considers need to be dealt with before the next scheduled meeting of Council
- > advising Council on proposed appointments to Council membership
- > making recommendations to Council in respect of honorary awards of the University
- > giving advice to Council on the maintenance and orderly review of Council operations
- > advising Council on corporate governance matters
- > advising Council on certain human resources matters.

Members of the Chancellor's Advisory Committee at 31 December 2007 were Mr D.M. Morgan (Chair), Mr A.J. Kloeden, Ms L. Martin, Mr J.G. Nicol, Professor F. Stagnitti, Dr P.C. Turner and Professor S.A. Walker.

The Committee met six times during the year.

## Finance and Business Affairs Committee

The Finance and Business Affairs Committee comprises 10 members: the Chancellor or nominee; four members appointed by Council, two being external members of Council, one a member of Council elected by staff and one a member of Council elected by students; two members appointed by Council who are not required to be members of Council but one of whom at least must have substantial private sector financial management experience; the Vice-Chancellor or nominee; the Chief Financial Officer or nominee; and the Chair of Academic Board or nominee.

The Vice-President and Council Secretary and the Chief Operating Officer may attend meetings of the Finance and Business Affairs Committee with rights of audience and debate.

The responsibilities of the Finance and Business Affairs Committee include:

- > advising Council on financial, investment and asset management matters including the University's annual Budget, Capital Management Plan and other pertinent plans
- > reviewing, approving and reporting to Council on relevant policies
- > reviewing the financial performance of University companies and major commercial activities
- > receiving budgets and financial accounts of student associations pursuant to service level agreements or other agreements
- > approving material variations to approved University expenditure programs
- > advising Council on the University's proposed business ventures as a means of increasing non-government income.

Members of the Committee at 31 December 2007 were Mr M.J. Dowling (Chair), Mr A.E. Fairley, Mr D.L. Hauenstein, Mr J.D. Maddock, Mr N.T. Millen, Mr J.G. Nicol, Professor F. Stagnitti, Professor S.A. Walker and Mr A. Walters.

The Committee met seven times during the year.

## Legislation Committee

The Legislation Committee comprises eight members: the Chancellor or nominee; one external member of Council appointed by Council; the Vice-Chancellor or nominee; the Chief Operating Officer or nominee; the Chair of Academic Board or nominee; one elected student member of Council; and two additional members appointed by Council.

The Committee is responsible for advising and recommending to Council on any matter pertaining to the *Deakin University Act 1974* and University statutes and regulations.

Members of the Committee at 31 December 2007 were Ms J.M. Lightowlers (Chair), Mr G. Dennehy, Mr B. Marshall, Ms L.M. Martin, Professor A. Rees and Ms N.M. Springle.

The Committee met six times during the year.

## University Appeals Committee

The University Appeals Committee comprises two external members of Council, one of whom is the Chair; one elected student member of Council and one other member of Council.

The Committee hears and determines appeals against findings of the University Discipline Committee in matters of general misconduct by students and against decisions of the Vice-Chancellor with regard to exclusion of students for health reasons, those decisions having been made pursuant to Statute 5.6 *Exclusion for Health Reasons*. Each decision is reported in writing to the Academic Board. A summary report of decisions is provided annually to Council at its final meeting in each calendar year.

Members of the Committee at 31 December 2007 were Mr A.E. Fairley, Mr D.L. Hauenstein, Ms J.M. Lightowlers and Professor G. Stokes.

The Committee was not required to meet in 2007.

## Compliance

Through the Vice-Chancellor, Council is responsible for ensuring that Deakin University complies with external and internal legislative requirements and with the University's own policies and procedures. The University has a compliance program which provides a compliance framework for all areas of the University and advice across the University. Council receives an annual report on the compliance program.

Council is assisted in its compliance responsibilities by the Audit and Risk Committee, which reviews advice and recommendations on matters relating to the compliance program and relevant policy.

The Risk and Compliance Management Subcommittee of the Planning and Resources Committee reviews the effectiveness of the compliance program. The Subcommittee also makes recommendations to the Planning and Resources Committee on the continuous improvement of the program and its implementation and it makes recommendations in relation to the University's compliance policy.

## Risk management

Deakin University is committed to effectively managing risk. It uses methods that will enable the University to minimise losses and maximise opportunities in line with best practice and the Australian/New Zealand Standard Risk Management (AS/NZS 4360:2004). The risk management program utilises a logical and systematic method of establishing the context of risks and identifying, analysing, evaluating, optimising, treating, monitoring and communicating risks associated with each activity, function or process.

Council, through its Audit and Risk Committee, ensures that an appropriate framework of enterprise risk management is effectively maintained in accordance with the University's risk management policies, procedures and associated internal controls, and oversees the controls associated with the more critical risks facing the University. The Vice-Chancellor takes advice on risk management from the Planning and Resources Committee through its Risk and Compliance Management Subcommittee.

The risk management program is applied by all Faculties and other areas including controlled entities, with the objective of identifying potential threats, optimising the allocation of resources and enhancing decision making and the planning

process. The program requires the University and at least each Faculty and other area to document and review annually a listing of all risks pertaining to its specific strategic and operational activities, including current controls and proposed mitigation strategies. These risk registers are subjected to an annual quality review by members of the Risk and Compliance Management Subcommittee and the Internal Audit Unit, to ensure that risks are identified and assessed appropriately and risk mitigation controls and actions are implemented and managed effectively. The risk registers are also considered during the development of the Annual Internal Audit Plan and, conversely, items identified during internal audits are captured in the University's risk registers where required.

During 2007 the key outcomes of the risk management program included:

- > integration of risk management with the ongoing activities of each Faculty and other area
- > improvements to the risk register review cycle
- > expansion of the University's risk registers to include areas of strategic and/or operational imperative, for example the School of Medicine and Senior Executive portfolios
- > upgrade to the University's risk and compliance management database—RiskManager
- > development of a prevention and control of fraud and corruption framework
- > establishment of an insurable risk profile and subsequent enhancements to the University's insurance program
- > introduction of risk and compliance league tables to assist in performance measurement of each Faculty and other area
- > increased linkages between activities and initiatives of the Risk and Insurance Team and the Internal Audit Unit
- > 2007 iteration of the University risk register confirmed by the Audit and Risk Committee of Council in July.

Deakin University requires all commercial ventures to manage risk appropriately. In accordance with the requirements of National Governance Protocols 10 and 11, the University, through the Audit and Risk Committee, completes an assessment of risk arising from its controlled and associated entities. The 2007 risk assessment is detailed on the following pages:



University wholly owned controlled entities

Entity name	Principal objects	Level of risk (very high, high, medium, low, very low)
The Australian Professional Associations Service Company Pty Ltd (TAPASCo.) [formerly Australian Human Resources Institute Pty Ltd (AHRI)]	Professional association for human resources managers.	Low
Callista Software Services Pty Ltd	Development, maintenance and support of the Callista student administration and management system to Australian Universities and TAFEs.	Medium
Canopi Network Pty Ltd	Arrangement of the licensing and development of the Callista student administration and management system.	Medium
Deakin Nominees Pty Ltd	Holding company for non-core assets (as trustee for Deakin University).	Low
Unilink Limited	Provision of staffing services to Deakin University.	Very low

University 'associated entities'—part ownerships, partnerships or joint ventures

Entity name	Principal objects	Level of risk (very high, high, medium, low, very low)
Australia's Research and Education Network Pty Ltd (AARNet)	Provision of high-capacity, cost-effective internet services to education and research communities and their partners. [Deakin University interest—shareholder]	Very low
Cooperative Research Centre for Advanced Automotive Technology (Auto CRC)	Provision of new design, engineering and manufacturing methodologies to improve manufacturing flexibility and efficiency and development of new material systems and improved vehicle safety. [Deakin University interest—member]	Very low
Fibrenova Limited	Development of a new hemp fibre extraction process. [Deakin University interest—shareholder]	Low
IDP Education Australia Ltd	Investment in IDP Education Ltd which focuses on recruitment of overseas students for Australian universities. [Deakin University interest—shareholder]	Low
IELTS Australia Pty Ltd	Administration, marketing and delivery of the International English Language Tests (IELTS), an internationally recognised test of English language proficiency. [Deakin University interest—shareholder]	Low
PowerDX Australia Pty Ltd	Administration, marketing and delivery of the International English Language Tests (IELTS), an internationally recognised test of English language proficiency. [Deakin University interest—shareholder]	Low
Victorian Aboriginal Education Association Incorporated (VAEAI)	To develop processes for the involvement of Victorian Koorie community members in decision making regarding education and training provision for Koorie students. [Deakin University interest—member]	Very low
Victorian Centre for Advanced Materials Manufacturing (V-CAMM) Limited	Administration of a Victorian Government STI grant jointly awarded to Deakin University, Monash University and CSIRO in 2002. Research focuses on forming and pressing technologies of light metal alloys, materials characterisation and advance materials including environmentally friendly plastics and composites. [Deakin University interest—member]	Very low
Victorian Education Research Network (VERNet) Pty Ltd	Design, deployment and management of an advanced optic fibre network to meet the bandwidth needs of the Victorian research and education sectors. A company limited by shares with ten shareholders: the nine Victorian universities and the CSIRO. [Deakin University interest—shareholder]	Very low
Victorian Partnership of Advanced Computing (VPAC)	Facilitation of access to high performance computing facilities provided by national and state funding through a consortium of all Victorian universities. [Deakin University interest—member]	Low
WaterEd Australia Pty Ltd	Establishment of an international centre of excellence in water resources management, training education, research and consulting through a Commonwealth grant funded company comprising of Deakin Uni, Uni of Adelaide, Flinders Uni, Uni of SA, Newcastle Uni, Central Queensland Uni (and others). [Deakin University interest—shareholder]	Low

# Legislative and procedural compliance matters

## Statutes

### Statutes revoked, made or amended by Council and approved by the Minister during 2007.

Statute 1.1	<i>Interpretation</i>	amended
Statute 2.2	<i>The Academic Board</i>	amended

### New or amended statutes approved by the Minister during 2007 (made or amended by Council during 2006)

Statute 2.1	<i>The Council</i>	amended
Statute 2.7	<i>Referenda and Opinion Polls</i>	amended
Statute 5.6	<i>Exclusion for Health Reasons</i>	amended
Statute 8.1	<i>The Seal of the University</i>	amended
Statute 9.1	<i>Elections</i>	amended
Statute 14.1	<i>Control of University Buildings and Grounds and Other Property</i>	amended
Statute 16.1	<i>Information Technology Services</i>	amended

Current legislation can be viewed on the University's electronic information portal *The Guide*. Revoked legislation is held in the University safe.

## Compliance with the *Education Services for Overseas Students Act 2000* (Cwlth) (ESOS)

The University has in place relevant policies, procedures and work practices to ensure that it complies with the *Education Services for Overseas Students Act 2000* (Cwlth) (ESOS Act) and the recently revised National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students (National Code 2007).

The University's obligations under the ESOS Act and the National Code 2007 are included in the University's compliance program. A University-wide audit of compliance with these obligations was

undertaken in the first quarter of 2007. The findings of that audit led to the development of a manual and web resources to be made available to the University community for 2008. These resources and the accompanying information campaign across the University's Campuses will ensure that all Faculties, Divisions and other areas are aware of their responsibilities under the Act and the revised National Code. An ESOS Consultative Group, comprising staff from all faculties and key divisions, has now been formed and will serve as the cross-University vehicle for continuous improvement in this area.

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## Compliance with the *Freedom of Information Act 1982* (Vic)

Requests for access to documents are made to the Freedom of Information Manager, Mr Graeme Dennehy, Chief Operating Officer. During 2007 the University received nine requests for access to documents under the *Freedom of Information Act 1982*. Of these, two were requests for personal documents and seven were requests for non-personal documents. Details of the University's response to each application are as follows.

- 1 Partial access was provided to 14 documents. Information respecting the personal affairs of third parties and information that constituted internal working documents was obscured.
- 2 Full access was provided to 46 documents. Partial access was provided to two documents by way of the deletion of information irrelevant to the request. Access to nine documents was denied under sections 30 (internal working documents), 32 (legal professional privilege), 33 (information respecting personal affairs of third parties) and 35 (information obtained in confidence).
- 3 Partial access was provided to two documents. Information respecting the personal affairs of third parties was obscured.
- 4 Partial access was provided to 13 documents. Information respecting the personal affairs of third parties was obscured.
- 5 The application was discontinued as the applicant did not provide the required access fee.
- 6 The application was withdrawn as the applicant was assisted in accessing information made publicly available by Deakin University.
- 7 The request was not finalised by the end of 2007.
- 8 Partial access was granted to 43 documents. Information respecting the personal affairs of third parties was obscured.
- 9 The request was not finalised by the end of 2007.

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## Compliance with *National Competition Policy and Competitive Neutrality*

Deakin University has implemented competitive neutrality in relation to relevant significant business activities, including the establishment of separate legal entities and a commercial arm, DeakinPrime. Competitive neutrality principles are applied to the pricing of tender bids where applicable.

Advice to staff in relation to trade practices legislation and issues is readily available on *The Guide*; the repository on Deakin's website for University policy, procedures, legislation and other information, and also through the University's compliance program and from the Deakin University Solicitor's Office.

The University provides staff training in trade practices and competitive neutrality.

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## Compliance with the *Whistleblowers Protection Act 2001* (Vic)

The University has developed a policy and procedure for reporting disclosures under the Act which may be viewed at <http://theguide.deakin.edu.au/>.

During 2007 one protected disclosure was made to the University. The disclosure was a public interest disclosure under the Act and was investigated by the University at the request of the Ombudsman.

No other disclosures under the Act were made to, or referred to, the University.

The Ombudsman's jurisdiction under the *Whistleblowers Protection Act 2001* (Vic) is distinct from his general jurisdiction under the *Ombudsman Act 1973* (Vic), (see page 64, 'Complaints made to and investigated by the Ombudsman').

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## Internal grievance and complaint procedures

The University aims to ensure that all student and staff complaints are handled in a fair, prompt and efficient manner and the process for doing so is based on the principles of natural justice.

Complaints are initially handled, where possible, within the local area responsible for the service or process in question, and students and staff are informed of their right to refer their complaint to relevant external bodies once they have exhausted internal procedures.

Deakin University complies with Protocol 7 of the National Governance Protocols and has codified and published the University's internal complaints procedures, along with information regarding the procedure for submitting complaints to the Victorian Ombudsman or equivalent agency. The University's Complaints Handling enabling policy was approved in August 2004. The operational policies and procedures relating to student and staff complaints are derived from this policy.

The Staff Complaints procedure details the appropriate steps to be taken in specific cases of dispute resolution, staff grievances, harassment and discrimination, prevention of workplace bullying and privacy. There is also the mechanism to lodge a protected disclosure under the *Whistleblowers Protection Act 2001* (Vic). In addition to these procedures, staff can seek a review in relation to decisions on probation, job evaluation, academic staff redundancy and incremental progression. Academic staff can also request a reconsideration of an academic promotion outcome on the basis of procedural irregularity.

Following a review of the University's student complaints handling system, the University's Student Complaints Handling policy and procedure were redrafted to simplify and clarify the principles and processes involved in handling student complaints. These documents were considered by the Planning and Resources Committee on

19 December 2007 and recommended to the Vice-Chancellor for approval with some minor amendments. The revised Student Complaints operational policy articulates the key principles underpinning its complaints handling processes, namely that they:

- > be accessible, fair and equitable
- > be carried out with transparency and consistency
- > encourage informal resolution of complaints in the first instance
- > allow complaints to be handled in a timely and responsive manner
- > observe the principles of natural justice
- > be conducted without reprisals or disadvantage as a result of a student making a complaint in good faith
- > respect privacy and confidentiality for all parties, unless the use of the information is authorised by law
- > allow for review from an internal higher body, or an appropriate external agency when the student is not satisfied with the proposed outcome.

The Student Complaints procedure outlines the types of grounds for complaint and details the complaint resolution process in terms of three stages, from early conciliation and informal resolution through to formal resolution and then appeal. Timelines, sources of advice and support and other action that may be taken, record keeping requirements and avenues for appeal (including the Ombudsman) are also detailed. The Student Complaints policy and procedure are supported by a central student complaints register and a student complaints website maintained by the Office of the Vice-President and Council Secretary.

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## Complaints made to and investigated by the ombudsman

The *Ombudsman Act 1973* (Vic) provides that the Victorian Ombudsman may conduct an investigation as a consequence of a complaint made to him about the administrative action of a public statutory body such as Deakin University.

In 2007 three student complaints were referred to Deakin from the Ombudsman. In each of these cases the students had not exhausted the University's internal complaints process. The Ombudsman was satisfied with the University's response to his enquiries in all three cases.

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## Compliance with the *Building Act 1993* (Vic)

All major building works are designed to comply with the *Building Act 1993* (Vic). To ensure that new buildings and works relating to existing buildings comply with current building standards and codes, where required the projects are referred to an independent Building Surveyor for certification. After certification the plans are lodged with the local municipal council for information.

Where required, Building Surveyors issue a Certificate of Occupancy or a Certificate of Final Inspection on completion of works.

To ensure that only registered building practitioners are engaged to carry out major works for the University, Deakin checks currency of registration before engagement. Registration is maintained during the engagement and there have been no cases of building practitioners becoming deregistered while engaged by the University.

Works carried out by external consultants or contractors are not exempt from the ten-year liability cap. Works performed wholly by University staff are covered by the University's professional indemnity insurance, up to a limit of \$15m in respect of any one claim.

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## Additional information available on request

Consistent with the requirements of the *Financial Management Act 1994* (Vic), the following additional information is available on request, subject to the provisions of the *Freedom of Information Act 1982* (Vic):

- > a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- > details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary or in a company with which Deakin University has significant commercial dealings
- > details of publications produced by Deakin University about itself, and how these can be obtained
- > details of changes in prices, fees, charges, rates and levies charged by Deakin University
- > details of any major external reviews carried out on Deakin University
- > details of any major research and development activities undertaken by Deakin University
- > details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit
- > details of major promotional, public relations and marketing activities undertaken by Deakin University to develop community awareness of the University and its services
- > details of assessments and measures undertaken to improve the occupational health and safety of employees
- > a general statement on industrial relations within Deakin University and details of time lost through industrial accidents and disputes
- > a list of major committees sponsored by Deakin University, the purposes of each committee and the extent to which the purposes have been achieved.

Enquiries regarding any of the above should be addressed to:

Office of the Vice-President and Council Secretary  
Deakin University  
Melbourne Campus at Burwood  
221 Burwood Highway  
Burwood Victoria 3125  
Australia

Details are available to the public on the University's website.

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## Deakin University's website provides information about

- > the University
- > courses
- > research
- > Campuses
- > online and off campus learning
- > Faculties, Schools and Divisions
- > employment
- > legislation; policies, procedures and rules; information on University committees; plans, guidelines and other information; and University forms.

The website can be accessed at: [www.deakin.edu.au](http://www.deakin.edu.au) .

Deakin University's annual reports can be accessed at:

<http://theguide.deakin.edu.au/TheDeakinGuide.nsf/>

utilising first the Visitors link and then the Publications, Guidelines and other Information link.





# **Audited financial statements**

**As at 31 December 2007**



## INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated		University	
		2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's
<b>Income from continuing operations</b>	2	<b>460,790</b>	<b>448,412</b>	<b>451,199</b>	<b>429,610</b>
<b>Expenses from continuing operations</b>					
Employee benefits expense	2	(247,554)	(230,857)	(239,558)	(221,442)
Depreciation and amortisation expense	2	(35,562)	(29,727)	(35,541)	(29,608)
Other expenses from continuing operations	2	(127,230)	(128,431)	(127,869)	(121,992)
Finance costs	2	(1,370)	(1,593)	(1,370)	(1,593)
<b>Operating result from continuing operations before income tax</b>		<b>49,074</b>	<b>57,804</b>	<b>46,861</b>	<b>54,975</b>
Income tax expense		(57)	(23)	-	-
<b>Net operating result for the year</b>		<b>49,017</b>	<b>57,781</b>	<b>46,861</b>	<b>54,975</b>

The above income statements should be read in conjunction with the accompanying notes

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated		University	
		2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's
<b>Total equity at the beginning of the financial year</b>		<b>658,294</b>	<b>600,705</b>	<b>654,626</b>	<b>599,843</b>
Impairment on building charged against asset revaluation reserve	14	8,542	(16,529)	8,542	(16,529)
Gain on revaluation of land and buildings	14	31,154	16,337	31,154	16,337
Gain on revaluation of art collection	14	494	-	494	-
<b>Net expense recognised directly in equity</b>		<b>40,190</b>	<b>(192)</b>	<b>40,190</b>	<b>(192)</b>
Net operating result for the year		<b>49,017</b>	<b>57,781</b>	<b>46,861</b>	<b>54,975</b>
<b>Total recognised income and expense for the year</b>		<b>89,207</b>	<b>57,589</b>	<b>87,051</b>	<b>54,783</b>
<b>Total equity at the end of the financial year</b>		<b>747,501</b>	<b>658,294</b>	<b>741,677</b>	<b>654,626</b>
<b>Effects of changes in accounting policy</b>	1(s)				
Equity at the beginning of the financial year		(7,338)	(4,599)	(7,338)	(4,599)
Net operating result for the year		(3,199)	(2,739)	(3,199)	(2,739)
		<b>(10,537)</b>	<b>(7,338)</b>	<b>(10,537)</b>	<b>(7,338)</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes

**BALANCE SHEETS AS AT 31 DECEMBER 2007**

	Note	Consolidated		University	
		2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	3	44,472	28,956	42,222	25,825
Receivables	4	45,241	43,684	44,328	43,169
Inventories	5	1,479	815	1,479	815
Non-current assets classified as held for sale	6	27,730	27,730	27,730	27,730
Other financial assets	7	75,060	50,224	75,060	50,224
<b>TOTAL CURRENT ASSETS</b>		<b>193,982</b>	<b>151,409</b>	<b>190,819</b>	<b>147,763</b>
<b>NON-CURRENT ASSETS</b>					
Receivables	4	133,832	147,931	133,832	147,931
Other financial assets	7	2,299	1,683	5,399	5,806
Property, plant and equipment	8	709,563	642,082	709,513	642,167
Intangible assets	9	2,000	1,000	2,000	1,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>847,694</b>	<b>792,696</b>	<b>850,744</b>	<b>796,904</b>
<b>TOTAL ASSETS</b>		<b>1,041,676</b>	<b>944,105</b>	<b>1,041,563</b>	<b>944,667</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	10	88,729	66,664	96,436	71,982
Borrowings	11	2,702	2,507	2,702	2,497
Provisions - employee benefits	12	47,204	43,807	45,518	42,934
Current tax liabilities	13	56	21	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>138,691</b>	<b>112,999</b>	<b>144,656</b>	<b>117,413</b>
<b>NON-CURRENT LIABILITIES</b>					
Trade and other payables	10	220	660	220	660
Borrowings	11	14,584	17,287	14,584	17,287
Provisions - employee benefits	12	140,680	154,865	140,426	154,681
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>155,484</b>	<b>172,812</b>	<b>155,230</b>	<b>172,628</b>
<b>TOTAL LIABILITIES</b>		<b>294,175</b>	<b>285,811</b>	<b>299,886</b>	<b>290,041</b>
<b>NET ASSETS</b>		<b>747,501</b>	<b>658,294</b>	<b>741,677</b>	<b>654,626</b>
<b>EQUITY</b>					
Reserves	14	127,413	81,649	127,413	81,649
Retained surplus	15	620,088	576,645	614,264	572,977
<b>TOTAL EQUITY</b>		<b>747,501</b>	<b>658,294</b>	<b>741,677</b>	<b>654,626</b>

*The above balance sheets should be read in conjunction with the accompanying notes*

**CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

Inflows / (outflows)	Note	Consolidated		University	
		2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Australian government grants	2.1	256,336	238,111	256,336	238,111
State government grants		4,476	4,573	4,476	4,573
HECS-HELP - student payments		13,119	12,404	13,119	12,404
Other research grants and contracts		9,542	10,963	9,166	10,817
Fees and charges		151,222	141,331	149,875	140,233
Dividends received		466	1,106	466	1,106
Interest received		12,332	7,807	12,157	7,647
Other income		42,892	42,808	33,827	26,100
Payments to employees		(244,278)	(232,571)	(237,208)	(223,000)
Payments to suppliers (inclusive of goods & services tax)		(141,942)	(142,886)	(138,058)	(133,764)
Interest paid		(1,422)	(1,649)	(1,422)	(1,649)
Income tax paid		(22)	(3)	-	-
Goods and services tax recovered		6,404	7,767	7,203	8,470
<b>Net cash provided by operating activities</b>	16	<b>109,125</b>	<b>89,781</b>	<b>109,937</b>	<b>91,048</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of property, plant and equipment		3,652	3,043	3,652	2,756
Proceeds from sale of financial assets		30	2,227	30	-
Payments for property, plant & equipment		(65,312)	(72,595)	(65,294)	(72,392)
Payments for intangible assets		(1,000)	(1,000)	(1,000)	(1,000)
Payments for financial assets		(28,471)	(6,070)	(28,430)	(6,056)
<b>Net cash outflow from investing activities</b>		<b>(91,101)</b>	<b>(74,395)</b>	<b>(91,042)</b>	<b>(76,692)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of borrowings		(2,498)	(2,294)	(2,498)	(2,294)
<b>Net cash outflow from financing activities</b>		<b>(2,498)</b>	<b>(2,294)</b>	<b>(2,498)</b>	<b>(2,294)</b>
<b>Net increase in cash and cash equivalents</b>		<b>15,526</b>	<b>13,092</b>	<b>16,397</b>	<b>12,062</b>
Cash and cash equivalents at the beginning of the financial year		28,946	15,854	25,825	13,763
<b>Cash and cash equivalents at the end of the financial year</b>	16	<b>44,472</b>	<b>28,946</b>	<b>42,222</b>	<b>25,825</b>

*The above cash flow statements should be read in conjunction with the accompanying notes*

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation**

The financial statements and accompanying notes constitute a general purpose financial report which has been prepared on an accrual basis in accordance with the *Victorian Financial Management Act 1994*, Australian Accounting Standards, AASB Interpretations and the requirements of the Department of Education, Employment and Workplace Relations (DEEWR).

**Compliance with IFRS**

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial statements and notes of Deakin University comply with Australian Accounting Standards, some of which contain requirements specific to not-for-profit entities that are inconsistent with International Financial Reporting Standard (IFRS) requirements.

**Historical cost convention**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss, and certain classes of property, plant and equipment.

All amounts in the financial statements are in Australian currency and have been rounded to the nearest thousand dollars.

Unless otherwise stated, the accounting policies are consistent with those of the prior year.

**(a) PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Deakin University as at 31 December 2007 and the results of all subsidiaries for the year then ended. A list of the subsidiaries is included in note 22. Deakin University and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. The accounts of the subsidiaries are prepared for the same reporting period as the University, using consistent accounting policies.

**(b) REVENUE RECOGNITION**

The University recognises research income on the basis of its contractual obligations, viz; if the contract has outstanding performance obligations or the unspent funding is to be repaid at the conclusion of the contract, then the income is recognised in accordance with *AASB118 Revenue* with reference to the percentage of completion method. The stage of completion is measured by reference to total expenditure incurred to date compared with the funding provided. The University regards the receipt of such income as a reciprocal transfer as the University is required to provide the necessary services in return for research funding. A liability is recognised in the balance sheet in respect of research income which is unearned at the balance date. *AASB118 Revenue* requires revenue to be recognised in the reporting periods in which the services are rendered. This represents a change in accounting policy from the prior year (refer note 1(s)).

Non-reciprocal research income, that is where approximate equal value is not directly returned to the provider of the income, is recognised when the University gains control of the income, or right to receive the income, in accordance with *AASB1004 Contributions*.

Revenue from fees and charges is recognised when earned. Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the rendering of a service is recognised upon the delivery of the service to customers (stage of completion method) or in accordance with governing contracts. Interest revenue is recognised on an accrual basis. Dividend revenue is recognised when received. Donations and bequests are recognised when received by the University.

**(c) FINANCE COSTS**

Finance costs are recognised as expenses in the period in which they are incurred. Finance costs include interest on bank overdraft and short term and long term borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and finance lease charges.

**(d) LEASES**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease, in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) INCOME TAX**

Deakin University is exempt from income tax pursuant to Division 50 of the *Income Tax Assessment Act 1997*.

Deakin University subsidiaries are not exempt from income tax. Income tax expense or benefit for the period is calculated as the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities, where the parent entity is able to control the timing of the reversal of the temporary differences, and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity. Deakin University and its wholly-owned Australian subsidiaries have not implemented the tax consolidation legislation.

**(f) FOREIGN CURRENCY TRANSACTIONS**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, Deakin University's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

**(g) CASH AND CASH EQUIVALENTS**

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**(h) TRADE RECEIVABLES**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables and other debtors are due for settlement no more than 30 days from end of month and 60 days for land development.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The movements of the provision is recognised in the income statement.

**(i) INVENTORIES**

Inventories include goods and other property held for sale. Inventories are measured at the lower of cost and net realisable value.

**(j) NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**

Non-current assets are classified as held for sale and stated at the lower of their carrying amount (revalued at 31 December 2006) and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the sale is expected to be completed within one year from date of classification.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) INVESTMENTS AND OTHER FINANCIAL ASSETS**

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, loans and receivables, and held-to-maturity investments.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

**(i) Financial assets at fair value through profit or loss**

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

**(ii) Available-for-sale financial assets**

Available-for-sale financial assets, comprising principally unlisted equity securities, are non-derivatives that are either designated in this category or not classified in any other category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Unlisted equity securities are carried at cost. If the market is not active for unlisted securities, the Group establishes fair value by providing for the temporary diminution in the value of the investment based on the underlying net asset base of the security from the latest available accounts. All changes in provisions for diminution in value are taken through the profit and loss.

**(iii) Loans and receivables**

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

Purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains or losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities. The fair values of quoted investments are based on current bid prices. If the market for a financial asset or unlisted security is not active, the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(l) PROPERTY, PLANT AND EQUIPMENT**

Land, buildings, artworks and library special collections are shown at fair value; based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to the asset revaluation reserve in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserve directly in equity to the extent of the remaining reserve attributable to the class of asset; all other decreases are charged to the income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Major depreciation periods are:

Freehold buildings	2 to 65 years
Leasehold improvements	3 to 5 years
<i>Equipment and Furniture</i>	
Computer equipment	3 to 4 years
Plant and equipment - other	3 to 10 years
Motor vehicles	6.5 to 10 years
Library holdings	10 years

The depreciation rates applied are consistent with the prior year.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves (in respect of those assets) to retained earnings.

**Impairment of assets**

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

**(m) INTANGIBLE ASSETS**

Medical School Licence Fees are capitalised as an intangible asset and will be amortised over six years from 2008.

**(n) TRADE AND OTHER PAYABLES**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(o) BORROWINGS**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**(p) PROVISION - EMPLOYEE BENEFITS**

Provision is made for benefits accruing to employees in respect of annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits are measured based on their expected settlement. Provisions which are expected to be settled within twelve months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions which are not expected to be settled within twelve months are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Regardless of the expected timing of settlement, provisions made in respect of employee benefits are classified as a current liability unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability. Provisions made for annual leave and unconditional long service leave would be classified as a current liability where the employee has a present entitlement to the benefit. A non-current liability would include long service leave entitlements accrued for employees with less than 10 years of continuous service.

**(q) DEFERRED EMPLOYEE BENEFITS FOR SUPERANNUATION**

*AASB119 Employee Benefits* requires that the estimated present value of superannuation obligations recognised in the financial statements should be determined as at balance date. These financial statements recognise estimated superannuation obligations in respect of the State Superannuation Fund using an actuarial estimate as at 30 June 2007. As there is no net impact on the balance sheet or income statement from these superannuation obligations (due to recognition of a corresponding receivable), the costs of providing an actuarial assessment at balance date (31 December 2007) outweigh the benefits. The University has therefore elected not to obtain an estimate of its superannuation obligations as at balance date. Consequently superannuation obligations (and corresponding receivable) are stated in the financial statements based on estimates prepared 6 months in arrears.

In accordance with the 1998 instructions issued by the Department of Education, Training and Youth Affairs (DETYA) now known as the Department of Education, Employment and Workplace Relations (DEEWR), the effects of the unfunded superannuation liabilities of Deakin University were recorded in the income statement and the balance sheet for the first time in 1998. The prior years' practice had been to disclose liabilities by way of a note to the financial statements. The unfunded liabilities recorded in the balance sheet under provisions have been determined by Dr David Knox, FIAA and relate to the estimates of net liabilities at 30 June 2007. The methodology for measurement of the net liabilities uses discount rates based on the government bond rate and assumed salary increases of 4%, pension indexation of 2.5%, and an assumed investment return on Fund assets of 8.0% (net of fees). An arrangement exists between the Australian Government and the State Government to meet the unfunded liability for the Deakin University's beneficiaries of the State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the *State Grants (General Revenue) Amendment Act 1987*, *Higher Education Funding Act 1988* and subsequent amending legislation. Accordingly the unfunded liabilities have been recognised in the balance sheet under provisions, with a corresponding asset recognised under receivables. The recognition of both the asset and the liability consequently does not affect the year end net asset position of Deakin University.

**(r) EQUITY**

Equity represents the residual interest in the net assets of the University. The State Government holds the equity interest in the University on behalf of the community.

Equity consists of the Asset Revaluation Reserve, Endowment Reserve and Retained Surplus.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(s) CHANGES IN ACCOUNTING POLICIES**

Prior to 2007, the University had accounted for all government research grants as non-reciprocal transfers, applying *AASB1004 Contributions* and accounted for all commercial research grants as reciprocal transfers, applying *AASB118 Revenue*. During 2007, the University engaged independent experts for the provision of accounting advice with respect to the recognition of government research grants. As a result of the advice received, the University has changed its accounting policy in relation to accounting for government research grants, now recognising that government research grants represent a reciprocal transfer and accordingly should be accounted for in accordance with *AASB118 Revenue*. The University has applied this change retrospectively with an adjustment to opening retained surplus and the restatement of comparative information in accordance with *AASB108 Accounting Policies, Changes in Accounting Estimates and Errors*.

The result of this change in 2007 and 2006 is depicted below:

	<b>Consolidated</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$000's</b>	<b>\$000's</b>
	<b>Increase/(Decrease)</b>	
<b>Income Statement</b>		
Revenue from Australian Government Grants	517	(3,000)
Revenue from State Government Grants	(2,447)	737
Revenue from Other Funding Bodies	(1,269)	(476)
<b>Balance Sheet</b>		
Income received in Advance	3,199	2,739

The University considers that the application of this new accounting policy is consistent with the requirements of *AASB118 Revenue*, and provides a more meaningful portrayal of the impact of government research grants on the University's activities.

**(t) GOODS AND SERVICES TAX (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

**(u) ROUNDING OF AMOUNTS**

Amounts in the financial report have been rounded to the nearest thousand dollars.

**(v) COMPARATIVE FIGURES**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated		University	
		2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's
<b>2. OPERATING RESULT</b>					
<b>Income from continuing operations</b>					
Australian government financial assistance					
Australian Government grants	2.1	170,227	166,137	170,227	166,137
HECS-HELP - Australian government payments	2.1	67,411	63,551	67,411	63,551
State Government financial assistance	2.2	1,323	5,310	1,323	5,310
HECS-HELP - Student payments		13,190	12,550	13,190	12,550
Fees and charges	2.3	158,530	140,426	158,530	140,696
Investment income	2.4	12,697	10,153	12,534	9,975
Royalties		5,616	5,224	5,616	5,224
Consultancy and contract research	2.5	9,542	10,600	9,166	10,453
Other revenue	2.6	35,012	42,803	25,960	24,056
<b>Subtotal</b>		<b>473,548</b>	<b>456,754</b>	<b>463,957</b>	<b>437,952</b>
Deferred government superannuation contributions		(12,758)	(8,342)	(12,758)	(8,342)
<b>Total income</b>		<b>460,790</b>	<b>448,412</b>	<b>451,199</b>	<b>429,610</b>
<b>Expenses from continuing operations</b>					
Employee benefits and on costs	2.7	247,554	230,857	239,558	221,442
Depreciation and amortisation	2.8	35,562	29,727	35,541	29,808
Finance costs		1,370	1,593	1,370	1,593
Repairs and maintenance	2.9	17,097	20,543	16,884	20,137
Bad and doubtful debts	2.10	624	183	624	147
Other expenses	2.11	122,267	116,047	123,119	110,050
<b>Subtotal</b>		<b>424,474</b>	<b>398,950</b>	<b>417,096</b>	<b>382,977</b>
Deferred employee benefits for superannuation		(12,758)	(8,342)	(12,758)	(8,342)
<b>Total expenses</b>		<b>411,716</b>	<b>390,608</b>	<b>404,338</b>	<b>374,635</b>
<b>Operating result before income tax</b>		<b>49,074</b>	<b>57,804</b>	<b>46,861</b>	<b>54,975</b>
Income tax expense		(57)	(23)	-	-
<b>Operating result from continuing operations</b>		<b>49,017</b>	<b>57,781</b>	<b>46,861</b>	<b>54,975</b>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated		University	
		2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's
<b>2.1 AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE</b>					
<b>Commonwealth Grants Scheme and Other Grants</b>					
Commonwealth Grants Scheme		109,826	103,079	109,826	103,079
Indigenous Support Fund		1,155	952	1,155	952
Equity Support Programme		354	300	354	300
Disability Support Programme		167	143	167	143
Workplace Reform Programme		1,563	1,494	1,563	1,494
Workplace Productivity Programme		1,421	890	1,421	890
Learning and Teaching Performance Fund		500	-	500	-
Capital Development Pool		2,122	1,065	2,122	1,065
Superannuation Programme		13,300	11,926	13,300	11,926
	25.1	130,408	119,849	130,408	119,849
<b>Higher Education Loan Programmes</b>					
HECS - HELP		67,411	63,551	67,411	63,551
FEE - HELP		21,550	10,148	21,550	10,148
	25.2	88,961	73,699	88,961	73,699
<b>Scholarships</b>					
Australian Postgraduate Awards		1,627	1,601	1,627	1,601
Commonwealth Education Cost Scholarships		1,206	871	1,206	871
Commonwealth Accommodation Scholarships		1,225	927	1,225	927
International Postgraduate Research Scholarship		299	327	299	327
	25.3	4,357	3,726	4,357	3,726
<b>DEEWR - Research</b>					
Institutional Grants Scheme		4,410	4,258	4,410	4,258
Research Infrastructure Block Grants		2,270	2,294	2,270	2,294
Research Training Scheme		9,271	8,920	9,271	8,920
Commercialisation Training Scheme		88	-	88	-
Australian Scheme for Higher Education Repositories		167	-	167	-
Implementation Assistance Programme		66	-	66	-
	25.4	16,272	15,472	16,272	15,472
<b>Total DEEWR</b>		239,998	212,746	239,998	212,746
<b>Australian Research Council</b>					
<b>Discovery</b>					
Projects		2,386	2,015	2,386	2,015
Fellowships		323	316	323	316
	25.5	2,709	2,331	2,709	2,331
<b>Linkages</b>					
International Researcher Exchange		52	21	52	21
Infrastructure		520	968	520	968
Projects		1,932	1,858	1,932	1,858
	25.6	2,504	2,847	2,504	2,847
<b>Other Australian Government financial assistance</b>					
Capital grant for Medical School		-	18,000	-	18,000
Capital grant for Alfred Deakin Institute		4,000	-	4,000	-
Other		9,977	3,912	9,977	3,912
<b>Other Australian Government financial assistance</b>		13,977	21,912	13,977	21,912
<b>Total Australian Government financial assistance</b>		259,188	239,836	259,188	239,836
<b>Reconciliation</b>					
Australian Government grants	2	170,227	166,137	170,227	166,137
HECS - HELP : Australian Government payments	2	67,411	63,551	67,411	63,551
Other Australian Government loan programmes (FEE - HELP)		21,550	10,148	21,550	10,148
<b>Total Australian Government financial assistance</b>		259,188	239,836	259,188	239,836

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated		University	
		2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's
<b>2.1 AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)</b>					
<b>Australian Government grants received - cash basis</b>					
Commonwealth Grants Scheme and other DEEWR grants	25.1	129,090	119,805	129,090	119,805
Higher Education Loan Programmes	25.2	87,769	73,699	87,769	73,699
Scholarships	25.3	4,357	3,675	4,357	3,675
DEEWR research	25.4	16,272	15,472	16,272	15,472
ARC grants - Discovery	25.5	2,709	2,331	2,709	2,331
ARC grants - Linkages	25.6	2,504	2,847	2,504	2,847
Other Australian Government grants		13,528	20,576	13,528	20,576
<b>Total Australian Government grants received - cash basis</b>		<b>256,229</b>	<b>238,405</b>	<b>256,229</b>	<b>238,405</b>
OS-HELP (net)		107	(294)	107	(294)
<b>Total Australia Government funding received - cash basis</b>		<b>256,336</b>	<b>238,111</b>	<b>256,336</b>	<b>238,111</b>
<b>2.2 STATE GOVERNMENT FINANCIAL ASSISTANCE</b>					
State government grants were received from the following agencies during the reporting period:					
Catchment Management Authority		457	381	457	381
Department of Education and Early Childhood Development		294	54	294	54
Department of Innovation, Industry & Regional Development		53	735	53	735
Department of Justice		35	35	35	35
Department of Primary Industries		218	131	218	131
Department of Human Services		791	1,071	791	1,071
Department of Treasury and Finance		61	-	61	-
Department of Sustainability and Environment		-	212	-	212
Department of Planning and Community Development		24	143	24	143
Beyond Blue		95	72	95	72
Dental Health Services		15	77	15	77
Multimedia Victoria		50	347	50	347
Parks Victoria		36	11	36	11
Queensland Health		-	70	-	70
South East Water		250	-	250	-
Vic Health		1,216	959	1,216	959
Victoria Police		48	136	48	136
Other		127	139	127	139
Income in advance		(2,447)	737	(2,447)	737
<b>Total State Government financial assistance</b>	2	<b>1,323</b>	<b>5,310</b>	<b>1,323</b>	<b>5,310</b>
<b>2.3 FEES AND CHARGES</b>					
<b>Course fees and charges</b>					
Fee-paying overseas students		80,522	69,733	80,522	69,733
Fee-paying domestic undergraduate students		16,935	10,644	16,935	10,644
Fee-paying domestic postgraduate students		23,943	20,358	23,943	20,358
Fee-paying domestic non-award students		4,293	3,528	4,293	3,528
		<b>125,693</b>	<b>104,263</b>	<b>125,693</b>	<b>104,263</b>
<b>Other non-course fees and charges</b>					
Student accommodation fees		6,511	6,201	6,511	6,201
Rental income		2,004	1,783	2,004	1,783
Educational materials fees		7,102	8,197	7,102	8,197
Examination fees		4,554	2,968	4,554	2,968
General service fees		-	3,092	-	3,092
Course delivery fees		7,466	8,694	7,466	8,694
Parking fees		2,256	1,666	2,256	1,666
Other fees		2,944	3,562	2,944	3,832
		<b>32,837</b>	<b>36,163</b>	<b>32,837</b>	<b>36,433</b>
<b>Total fees and charges</b>	2	<b>158,530</b>	<b>140,426</b>	<b>158,530</b>	<b>140,696</b>
<b>2.4 INVESTMENT INCOME</b>					
Interest and distributions from managed trust fund		12,231	7,910	12,068	7,738
Dividends		466	1,106	466	1,106
Unrealised gains on other financial assets	7	-	1,137	-	1,131
<b>Total investment income</b>	2	<b>12,697</b>	<b>10,153</b>	<b>12,534</b>	<b>9,975</b>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

		<i>Consolidated</i>		<i>University</i>	
		<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
		<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
<b>2.5 CONSULTANCY AND CONTRACT RESEARCH</b>					
Consultancy		2,954	1,290	2,578	1,143
Research		6,588	9,310	6,588	9,310
<b>Total consultancy and contract research</b>	<b>2</b>	<b>9,542</b>	<b>10,600</b>	<b>9,166</b>	<b>10,453</b>
<b>2.6 OTHER REVENUE</b>					
Sales and commercial income		21,491	20,883	12,404	12,189
Donations and bequests		1,119	570	1,119	570
Scholarship and prizes		737	785	737	785
Advertising income		-	595	-	-
Subscriptions		45	2,085	45	116
Training and conference income		3,469	8,468	3,469	3,495
Profit on sale of discontinued operation		-	2,227	-	-
Profit on sale of other financial assets		30	-	30	-
Net gain on disposal of property, plant and equipment		1,047	-	1,047	-
Contributions from learning institutions		2,449	1,723	2,449	1,723
Other		4,625	5,467	4,660	5,178
<b>Total other revenue</b>	<b>2</b>	<b>35,012</b>	<b>42,803</b>	<b>25,960</b>	<b>24,056</b>
<b>2.7 EMPLOYEE BENEFITS AND ON-COSTS</b>					
<b>Academic</b>					
Salaries		89,553	83,454	89,553	83,454
Contributions to superannuation and pension schemes:					
Emerging cost		6,469	5,757	6,469	5,757
Funded		13,561	12,425	13,561	12,425
Non-funded		13	8	13	8
Payroll tax		5,290	4,866	5,290	4,866
Worker's compensation		550	443	550	443
Long service leave		192	(915)	192	(915)
Annual leave		703	290	703	462
Other		1,752	1,995	1,752	1,995
		<b>118,083</b>	<b>108,323</b>	<b>118,083</b>	<b>108,495</b>
<b>Non-academic</b>					
Salaries		100,562	96,204	93,631	88,045
Contributions to superannuation and pension schemes:					
Emerging cost		6,764	6,103	6,764	6,103
Funded		14,029	13,166	13,447	12,505
Non-funded		14	9	14	9
Payroll tax		5,641	5,701	5,298	5,266
Worker's compensation		401	316	381	296
Long service leave		218	(936)	201	(987)
Annual leave		841	643	734	506
Other		1,001	1,328	1,005	1,204
		<b>129,471</b>	<b>122,534</b>	<b>121,475</b>	<b>112,947</b>
<b>Total academic and non-academic employee benefits and on-costs</b>	<b>2</b>	<b>247,554</b>	<b>230,857</b>	<b>239,558</b>	<b>221,442</b>
<b>Deferred Government employee benefits for superannuation</b>		<b>(12,758)</b>	<b>(8,342)</b>	<b>(12,758)</b>	<b>(8,342)</b>
<b>Total employee benefits and on-costs</b>		<b>234,796</b>	<b>222,515</b>	<b>226,800</b>	<b>213,100</b>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

2.8 DEPRECIATION AND AMORTISATION

Depreciation

Buildings	10,259	9,957	10,259	9,957
Leasehold improvements	716	716	716	716
Equipment and furniture	16,108	9,660	16,087	9,541
Motor vehicles	1,342	1,327	1,342	1,327
Library Holdings	7,137	7,372	7,137	7,372
Finance leases	-	2	-	2
2	<b>35,562</b>	<b>29,034</b>	<b>35,541</b>	<b>28,915</b>

Amortisation

Amortisation - deferred development and implementation costs	-	693	-	693
	-	<b>693</b>	-	<b>693</b>

Total depreciation and amortisation

	<b>35,562</b>	<b>29,727</b>	<b>35,541</b>	<b>29,608</b>
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2.9 REPAIRS AND MAINTENANCE

Buildings and grounds - maintenance and repairs	9,057	8,839	9,057	8,839
Buildings and grounds - refurbishment and alterations	4,951	9,480	4,743	9,300
Equipment - maintenance and repairs	2,806	1,904	2,804	1,699
Motor vehicles - maintenance and repairs	263	320	280	299
2	<b>17,097</b>	<b>20,543</b>	<b>16,884</b>	<b>20,137</b>

2.10 BAD AND DOUBTFUL DEBTS

Movement in provision for impaired receivables	624	183	624	147
2	<b>624</b>	<b>183</b>	<b>624</b>	<b>147</b>

2.11 OTHER EXPENSES

Advertising, marketing and promotional expenses	9,196	9,144	9,019	7,634
Communication costs	4,298	3,373	4,032	3,002
Consultants and contractors	12,311	8,323	12,115	7,610
Contributions to learning institutions	1,930	2,049	1,930	2,049
Copying, printing, stationery and consumables	6,722	7,180	6,707	7,053
Course materials	348	1,416	348	539
Direct project costs	9,982	14,068	9,982	15,290
Equipment costs	6,209	5,565	6,950	6,318
Library expenses	5,076	4,176	5,075	4,175
Loss on disposed property, plant and equipment	5	1,489	-	1,462
Non-capitalised equipment	3,416	2,564	3,419	2,560
Operating lease rentals	7,127	9,462	6,703	8,761
Provision for diminution in value of investments - subsidiaries	7	-	1,023	560
Provision for diminution in value of investments - unlisted equity securities	7	440	16	440
Rates and energy costs	3,587	3,895	3,568	3,868
Scholarships, grants and prizes	12,231	11,112	12,231	11,112
Staffing and related costs	13,296	13,264	12,637	12,616
Student expenses	13,042	15,139	13,042	13,853
Unrealised loss on other financial assets	7	2,579	3	2,538
Other	10,472	3,809	11,360	1,572
2	<b>122,267</b>	<b>116,047</b>	<b>123,119</b>	<b>110,050</b>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated		University	
		2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's
<b>3. CASH AND CASH EQUIVALENTS</b>					
Cash at bank		3,677	4,137	3,677	3,134
Cash on hand		53	55	52	55
Managed fund		40,742	24,764	38,493	22,636
	24	<b>44,472</b>	<b>28,956</b>	<b>42,222</b>	<b>25,825</b>
<b>4. RECEIVABLES</b>					
<b>CURRENT</b>					
Student fees		7,193	5,933	7,193	5,933
Provision for impaired receivables		(635)	(500)	(635)	(500)
		<b>6,558</b>	<b>5,433</b>	<b>6,558</b>	<b>5,433</b>
Trade debtors - other		10,090	11,982	8,973	10,852
Provision for impaired receivables		(157)	(51)	(157)	(51)
		<b>9,933</b>	<b>11,931</b>	<b>8,816</b>	<b>10,801</b>
		<b>16,491</b>	<b>17,364</b>	<b>15,374</b>	<b>16,234</b>
Government grants receivable		6,749	4,668	6,749	4,668
Deferred Government contribution for superannuation	17	13,617	12,276	13,617	12,276
Accrued income		26	1,709	26	1,697
Prepayments		6,027	5,436	6,213	6,041
GST recoverable		2,331	2,229	2,349	2,251
Owing by other entities		-	2	-	2
		<b>45,241</b>	<b>43,684</b>	<b>44,328</b>	<b>43,169</b>
<b>NON-CURRENT</b>					
Deferred Government contribution for superannuation	17	133,832	147,931	133,832	147,931
		<b>179,073</b>	<b>191,615</b>	<b>178,160</b>	<b>191,100</b>

IMPAIRED RECEIVABLES

As at 31 December 2007 current receivables of the group with a nominal value of \$792k (2006: \$551k) were impaired. The amount of the provision was \$792k (2006: \$551k). The individually impaired receivables relate to students and trade debtors who are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

The ageing of these receivables is as follows

	Consolidated	
	2007 \$000's	2006 \$000's
3 to 6 months	-	-
Over 6 months	792	551
	<b>792</b>	<b>551</b>

As at 31 December 2007, trade receivables of \$1,966k (2006: \$1,487k) were past due but not impaired. These relate to a number of students and trade debtors for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	Consolidated	
	2007 \$000's	2006 \$000's
3 to 6 months	1,966	1,487
Over 6 months	-	-
	<b>1,966</b>	<b>1,487</b>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated		University	
		2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's

4. RECEIVABLES (CONTINUED)

MOVEMENTS IN THE PROVISION FOR IMPAIRED RECEIVABLES

	Consolidated	
	2007 \$000's	2006 \$000's
At 1 January	551	1,042
Provision for impairment recognised during the year	624	183
Receivables written off during the year as uncollectible	(383)	(674)
At 31 December	792	551

The creation and release of the provision for impaired receivables has been included in 'Bad and Doubtful Debts' in the income statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

FAIR VALUES AND CREDIT RISK

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value. The fair values and carrying values of non-current receivables of Deakin University and its subsidiaries are as follows:

	Carrying Amount		Fair Value	
	2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's
Deferred Government contribution for superannuation	133,832	147,931	133,832	147,931

Deferred Government contribution for superannuation is offset by a liability to the Victorian Government of equal value. Refer Note 17.

The maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of each class of receivables mentioned above. The Group does not hold any collateral as security. Refer to Note 24 for more information on the Financial Risk Management approach of the University.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated		University	
		2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's
<b>5. INVENTORIES</b>					
Stock on hand at cost		215	139	215	139
Land held for resale		1,264	676	1,264	676
		<b>1,479</b>	<b>815</b>	<b>1,479</b>	<b>815</b>
<b>6. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE</b>					
Land and buildings held for sale		<b>27,730</b>	<b>27,730</b>	<b>27,730</b>	<b>27,730</b>
<b>7. OTHER FINANCIAL ASSETS</b>					
<b>CURRENT</b>					
<i>Financial assets at fair value through profit or loss</i>					
Managed funds - fixed interest, Australian listed & global equities		74,650	49,840	74,650	49,840
Australian listed equities		410	384	410	384
	24	<b>75,060</b>	<b>50,224</b>	<b>75,060</b>	<b>50,224</b>
Changes in fair values of current other financial assets at market value are taken through the profit and loss and are recorded in unrealised gain or loss on other financial assets in the Income Statement (refer Note 2.4 and 2.11).					
<b>NON-CURRENT</b>					
Shares in subsidiaries - at cost	22	-	-	13,096	13,096
Provision for diminution in value of investments in subsidiaries		-	-	(9,996)	(8,973)
Unlisted equity securities - at cost		2,809	2,233	2,809	2,233
Provision for diminution in value of unlisted equity securities		(510)	(550)	(510)	(550)
		<b>2,299</b>	<b>1,683</b>	<b>5,399</b>	<b>5,806</b>
		<b>77,359</b>	<b>51,907</b>	<b>80,459</b>	<b>56,030</b>

Shares in subsidiaries are valued at their current net worth by providing for the temporary diminution in the value of the investment. Unlisted equity securities are carried at cost. Where there has been a temporary diminution in the value of the investment a provision for diminution is made based on the underlying net asset base of the security from the latest available accounts. All changes in provisions for diminution in value are taken through the profit and loss (refer Note 2.11).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated		University	
		2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>					
<b>LAND</b>					
At independent valuation 2007	8(a)	104,519	-	104,519	-
At independent valuation 2006		-	97,737	-	97,737
At cost		333	-	333	-
		<b>104,852</b>	<b>97,737</b>	<b>104,852</b>	<b>97,737</b>
<b>BUILDINGS</b>					
At independent valuation 2007	8(a)/(d)	466,668	-	466,668	-
At independent valuation 2006		-	402,020	-	402,020
At cost		69,643	-	69,643	-
Accumulated depreciation		(904)	-	(904)	-
Provision for impairment	14	(20,153)	(28,695)	(20,153)	(28,695)
		<b>515,254</b>	<b>373,325</b>	<b>515,254</b>	<b>373,325</b>
<b>CONSTRUCTION IN PROGRESS</b>					
Construction in progress		<b>15,733</b>	<b>88,024</b>	<b>15,733</b>	<b>88,024</b>
<b>LEASEHOLD IMPROVEMENTS</b>					
At cost		2,951	2,951	2,951	2,951
Accumulated amortisation		(2,770)	(2,054)	(2,770)	(2,054)
		<b>181</b>	<b>897</b>	<b>181</b>	<b>897</b>
<b>EQUIPMENT AND FURNITURE</b>					
At cost		81,681	73,795	81,456	73,719
Accumulated depreciation		(53,629)	(41,389)	(53,454)	(41,228)
		<b>28,052</b>	<b>32,406</b>	<b>28,002</b>	<b>32,491</b>
<b>MOTOR VEHICLES</b>					
At cost		8,669	8,901	8,669	8,901
Accumulated depreciation		(2,273)	(2,031)	(2,273)	(2,031)
		<b>6,396</b>	<b>6,870</b>	<b>6,396</b>	<b>6,870</b>
<b>LIBRARY HOLDINGS</b>					
At cost		64,942	62,243	64,942	62,243
At independent valuation 2006	8(b)	5,004	5,004	5,004	5,004
Accumulated depreciation		(36,864)	(29,847)	(36,864)	(29,847)
		<b>33,082</b>	<b>37,400</b>	<b>33,082</b>	<b>37,400</b>
<b>ART COLLECTION</b>					
At independent valuation 2007	8(c)	5,917	5,038	5,917	5,038
At cost		96	385	96	385
		<b>6,013</b>	<b>5,423</b>	<b>6,013</b>	<b>5,423</b>
		<b>709,563</b>	<b>642,082</b>	<b>709,513</b>	<b>642,167</b>

**8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

- (a) The land and buildings were valued by Craig Cunningham & Co (Real Estate) Pty Ltd at 30 November 2007. The valuation was on the basis of open market value of land and buildings concerned in their existing use.
- (b) The special collections of the library holdings were valued by Kenneth Hince Old & Fine Books Pty Ltd at 31 December 2006. It was based on the guidelines set out in the Department of Treasury and Finance document, *Victorian Government Policy: Revaluation of Non-Capital Physical Assets (April 2005)*.

Library's special collections are classified as a cultural asset and have been assessed on the fair value basis, as reflected by market evidence.

These valuations are in accordance with the University's policy of obtaining an independent valuation of non-current assets every three years or if there is a material movement in their values.

- (c) The art collection was valued by McWilliam & Associates Pty Ltd at 31 March 2007. The valuation was on the basis of replacement values.
- (d) A building (under Certificate of Title Volume 9145 Folio 537) with a carrying amount of \$100,000, is pledged to secure mortgage monies advanced by the Australian Government for the childcare centre at Warrnambool Campus.

**MOVEMENTS IN CARRYING AMOUNTS**

	Balance at beginning of year \$000's	Additions \$000's	Disposals \$000's	Depreciation expense \$000's	Revaluation/transfers & impairment \$000's	Carrying amount at end of year \$000's
<b>2007</b>						
<b>Consolidated</b>						
Land	97,737	333	450	-	7,232	104,852
Buildings	373,325	-	440	10,259	152,628	515,254
Construction in progress	88,024	47,873	-	-	(120,164)	15,733
Leasehold improvements	897	-	-	716	-	181
Equipment and furniture	32,406	11,695	84	16,108	143	28,052
Motor vehicles	6,870	2,403	1,535	1,342	-	6,396
Library holdings	37,400	2,912	93	7,137	-	33,082
Artworks	5,423	96	-	-	494	6,013
	<b>642,082</b>	<b>65,312</b>	<b>2,602</b>	<b>35,562</b>	<b>40,333</b>	<b>709,563</b>
<b>University</b>						
Land	97,737	333	450	-	7,232	104,852
Buildings	373,325	-	440	10,259	152,628	515,254
Construction in progress	88,024	47,873	-	-	(120,164)	15,733
Leasehold improvements	897	-	-	716	-	181
Equipment and furniture	32,491	11,677	79	16,087	-	28,002
Motor vehicles	6,870	2,403	1,535	1,342	-	6,396
Library holdings	37,400	2,912	93	7,137	-	33,082
Artworks	5,423	96	-	-	494	6,013
	<b>642,167</b>	<b>65,294</b>	<b>2,597</b>	<b>35,541</b>	<b>40,190</b>	<b>709,513</b>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	<i>Consolidated</i>		<i>University</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
<b>9. INTANGIBLE ASSETS</b>				
Licence fees	2,000	1,000	2,000	1,000
	<b>2,000</b>	<b>1,000</b>	<b>2,000</b>	<b>1,000</b>
	Balance at beginning of year	Additions	Amortisation expense	Carrying amount at end of year
	\$000's	\$000's	\$000's	\$000's
<b>2007</b>				
<b>Consolidated</b>				
Licence fees	1,000	1,000	-	2,000
	<b>1,000</b>	<b>1,000</b>	<b>-</b>	<b>2,000</b>
<b>University</b>				
Licence fees	1,000	1,000	-	2,000
	<b>1,000</b>	<b>1,000</b>	<b>-</b>	<b>2,000</b>
<b>10. TRADE AND OTHER PAYABLES</b>				
<b>CURRENT</b>				
Creditors and accrued expenses	45,194	31,722	44,652	31,553
Australian Government unspent financial assistance	9,269	6,487	9,269	6,487
OS-HELP liability to Australian Government	120	13	120	13
Income received in advance	34,146	28,442	31,698	26,363
Owing to subsidiaries	-	-	10,697	7,566
	<b>88,729</b>	<b>66,664</b>	<b>96,436</b>	<b>71,982</b>
<b>NON-CURRENT</b>				
Creditors and accrued expenses	220	660	220	660
	<b>88,949</b>	<b>67,324</b>	<b>96,656</b>	<b>72,642</b>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	<i>Note</i>	<i>Consolidated</i>		<i>University</i>	
		<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
		<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
<b>11. BORROWINGS</b>					
CURRENT					
Unsecured borrowings					
Bank overdraft	24	-	10	-	-
Bank loans	24	2,693	2,488	2,693	2,488
Secured by mortgage					
Other	24	9	9	9	9
		<b>2,702</b>	<b>2,507</b>	<b>2,702</b>	<b>2,497</b>
NON-CURRENT					
Unsecured borrowings					
Bank loans	24	14,524	17,218	14,524	17,218
Secured by mortgage					
Other	24	60	69	60	69
		<b>14,584</b>	<b>17,287</b>	<b>14,584</b>	<b>17,287</b>
		<b>17,286</b>	<b>19,794</b>	<b>17,286</b>	<b>19,784</b>
6 months or less		1,324	1,230	1,324	1,220
6 - 12 months		1,378	1,277	1,378	1,277
1 - 5 years		9,738	9,720	9,738	9,720
over 5 years		4,846	7,567	4,846	7,567
		<b>17,286</b>	<b>19,794</b>	<b>17,286</b>	<b>19,784</b>
<b>Financing arrangements</b>					
<b>Bank loan facilities</b>					
Total facilities		77,217	79,706	77,217	79,706
Used at balance date		17,217	19,706	17,217	19,706
<b>Unused at balance date</b>		<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>

A building (under Certificate of Title Volume 9145 Folio 537) is pledged to secure mortgage monies of \$69,000 (2006: \$78,000) advanced by the Australian Government for the childcare centre at Warrnambool campus.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

		<i>Consolidated</i>		<i>University</i>	
		<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
		<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
<b>12. PROVISIONS - EMPLOYEE BENEFITS</b>					
<b>CURRENT</b>					
Current provisions expected to be settled within 12 months					
Annual leave		17,021	15,475	16,062	15,049
Long service leave		9,016	8,380	8,687	8,132
Deferred government benefits for superannuation	17	13,617	12,276	13,617	12,276
		<b>39,654</b>	<b>36,131</b>	<b>38,366</b>	<b>35,457</b>
Current provisions expected to be settled after more than 12 months					
Long service leave		7,550	7,676	7,152	7,477
		<b>7,550</b>	<b>7,676</b>	<b>7,152</b>	<b>7,477</b>
		<b>47,204</b>	<b>43,807</b>	<b>45,518</b>	<b>42,934</b>
<b>NON-CURRENT</b>					
Long service leave		6,547	6,645	6,293	6,461
Deferred Government benefits for superannuation	17	133,832	147,931	133,832	147,931
Unfunded superannuation liability - SERB		301	289	301	289
		<b>140,680</b>	<b>154,865</b>	<b>140,426</b>	<b>154,681</b>
		<b>187,884</b>	<b>198,672</b>	<b>185,944</b>	<b>197,615</b>
<b>Movements in provisions</b>					
		<b>Annual Leave</b>		<b>Long Service Leave</b>	
		<b>Current</b>	<b>Non - Current</b>	<b>Current</b>	<b>Non - Current</b>
		<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Carrying amount at start of year		15,475	-	16,056	6,645
Additional provisions recognised		1,546	-	510	(98)
Carrying amount at end of year		<b>17,021</b>	<b>-</b>	<b>16,566</b>	<b>6,547</b>
		<b>Deferred employee benefits for superannuation</b>		<b>Unfunded Super - SERB</b>	
		<b>Current</b>	<b>Non - Current</b>	<b>Non - Current</b>	
		<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	
Carrying amount at start of year		12,276	147,931	289	
Additional provisions recognised		1,341	(14,099)	12	
Carrying amount at end of year		<b>13,617</b>	<b>133,832</b>	<b>301</b>	



	<i>Consolidated</i>		<i>University</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>

**12. PROVISIONS - EMPLOYEE BENEFITS (CONTINUED)**

**Annual Leave and Long Service Leave**

All annual leave and unconditional vested long service leave (representing 10+ years of continuous service) is:

(i) disclosed in accordance with *AASB101*, as a current liability even where it is not expected to settle the liability within 12 months as it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months;

(ii) measured at:

- nominal value under *AASB119* where a component of this current liability is expected to fall due within 12 months after the end of the period; and
- present value under *AASB119* where Deakin University and its subsidiaries does not expect to settle a component of this current liability within 12 months.

Long service leave representing less than 10 years of continuous service is:

(i) disclosed in accordance with *AASB101* as a non-current liability; and

(ii) measured at present value under *AASB119* as the entity does not expect to settle this non-current liability within 12 months.

The following rates per note 1(p) have been used to discount long service leave entitlements:

	<i>Service Year</i>	<i>2007 %</i>	<i>2006 %</i>
Wage inflation rate		4.50	4.75
Discount rates	17+	-	-
	16	6.59	6.23
	15	6.84	6.24
	14	6.88	6.14
	13	6.79	6.10
	12	6.70	6.07
	11	6.54	6.06
	10	6.46	6.00
	9	6.39	5.97
	8	6.36	5.94
	7	6.33	5.92
	6	6.30	5.90
	0-5	6.28	5.89

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	<i>Consolidated</i>		<i>University</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
<b>13. CURRENT TAX LIABILITIES</b>				
Provision for income tax	56	21	-	-
<b>14. RESERVES</b>				
Balance at beginning of year	81,649	81,841	81,649	81,841
Asset Revaluation Reserve				
Impairment charged to asset revaluation reserve	8,542	(16,529)	8,542	(16,529)
Increase/(decrease) in asset valuation of non-current assets are:				
Land	7,232	8,251	7,232	8,251
Buildings	23,922	8,086	23,922	8,086
Art collection	494	-	494	-
Endowment reserve	5,574	-	5,574	-
Balance at end of year	<b>127,413</b>	<b>81,649</b>	<b>127,413</b>	<b>81,649</b>

The impairment of \$20.153k charged to the Asset Revaluation Reserve in 2007 relates to the Dennys Lascelles Building at the Geelong Waterfront Campus which is currently undergoing major renovation.

The impairment of \$16.529k charged to the Asset Revaluation Reserve in 2006 related to the Science and Technology Building at the Geelong Campus at Waurin Ponds. This building was undergoing major renovations which commenced in 2004. As at 31 December 2006, 50% of the building was not being used. The renovation work was completed during 2007, resulting in the complete utilisation of the building. Accordingly, the related impairment has been removed.

The Endowment Reserve is funded by donations from external organisations. The purpose of the reserve is to provide awards, research and course scholarships, bursaries and prizes to students.

MOVEMENTS IN CARRYING AMOUNTS - 2007

	Balance at beginning of year	Transfer from Retained Surplus	Impairment	Increase/ (decrease) on revaluation	Carrying amount at end of year
	\$000's		\$000's	\$000's	\$000's
<b>Consolidated</b>					
Asset Revaluation Reserve					
Land	50,646	-	-	7,232	57,878
Buildings	31,003	-	8,542	23,922	63,467
Artworks	-	-	-	494	494
Endowment Fund Reserve	-	5,574	-	-	5,574
	<b>81,649</b>	<b>5,574</b>	<b>8,542</b>	<b>31,648</b>	<b>127,413</b>
<b>University</b>					
Asset Revaluation Reserve					
Land	50,646	-	-	7,232	57,878
Buildings	31,003	-	8,542	23,922	63,467
Artworks	-	-	-	494	494
Endowment Fund Reserve	-	5,574	-	-	5,574
	<b>81,649</b>	<b>5,574</b>	<b>8,542</b>	<b>31,648</b>	<b>127,413</b>

15. RETAINED SURPLUS

	<i>Consolidated</i>		<i>University</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
Retained surplus at beginning of year	576,645	518,864	572,977	518,002
Net operating result for the year	49,017	57,781	46,861	54,975
Transfer to Reserves	(5,574)	-	(5,574)	-
Retained surplus at end of year	<b>620,088</b>	<b>576,645</b>	<b>614,264</b>	<b>572,977</b>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Consolidated		University	
	2007	2006	2007	2006
	\$000's	\$000's	\$000's	\$000's
<b>16. CASH FLOW STATEMENT</b>				
<b>RECONCILIATION OF CASH</b>				
Cash at bank and on hand	3,730	4,192	3,729	3,189
Managed fund	40,742	24,764	38,493	22,636
Bank overdraft	-	(10)	-	-
	<b>44,472</b>	<b>28,946</b>	<b>42,222</b>	<b>25,825</b>
<b>RECONCILIATION OF OPERATING RESULT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>				
Net operating result for the year	49,017	57,781	46,861	54,975
<b>Add non-cash items</b>				
Depreciation and amortisation	35,562	29,727	35,541	29,608
Donations for art works	-	(9)	-	(9)
Fair value loss/(gains) on other financial assets	2,579	(1,118)	2,538	(1,131)
<i>Less items classified as investing activities</i>				
Loss/(profit) on disposal of property, plant and equipment	(1,042)	1,489	(1,047)	1,462
Provision for diminution of other financial assets	440	15	440	15
Provision for diminution of investments in subsidiaries	-	-	1,023	560
Loss/(profit) on sale of other financial assets	(30)	-	(30)	-
Profit on sale of business	-	(2,227)	-	-
<b>Decrease/(increase) in:</b>				
<b>Current assets</b>				
Trade debtors	873	(6,231)	860	(6,089)
Government grants receivable	(2,081)	(4,668)	(2,081)	(4,668)
Accrued income	1,683	(1,521)	1,671	(1,513)
Prepayments	(591)	(32)	(172)	(981)
GST recoverable	(102)	(413)	(98)	(414)
Owing by other entities	2	48	2	48
Inventories	(664)	64	(664)	64
<b>Non-current assets</b>				
Receivables	-	250	-	250
Deferred Government contribution for superannuation	12,758	8,342	12,758	8,342
<b>Increase/(decrease) in:</b>				
<b>Current liabilities</b>				
Creditors and accrued expenses	16,210	5,920	15,980	5,186
Income received in advance	5,704	11,170	5,335	10,949
Owing to subsidiaries	-	-	3,131	2,976
Current tax payable	35	20	-	-
Employee benefits	3,397	381	2,584	534
<b>Non-current liabilities</b>				
Creditors and accrued expenses	(440)	660	(440)	660
Employee benefits	(1,439)	(1,525)	(1,509)	(1,434)
Deferred employee benefits for superannuation	(12,758)	(8,342)	(12,758)	(8,342)
Unfunded superannuation liability - SERB	12	-	12	-
<b>Net cash provided by operating activities</b>	<b>109,125</b>	<b>89,781</b>	<b>109,937</b>	<b>91,048</b>
<b>NON-CASH INVESTING ACTIVITIES</b>				
During the year the University received donations for library holdings and art works amounting to:				
Art works	-	9	-	9
	<b>-</b>	<b>9</b>	<b>-</b>	<b>9</b>

17. SUPERANNUATION

**UniSuper Defined Benefit Plan**

Deakin University has a number of present staff members who are members of The UniSuper Defined Benefit Plan (DBP) and in respect of whom defined benefits are payable on termination of employment. The UniSuper Trust Deed was amended in December 2006 to classify the plan as a defined contribution plan under *Australian Accounting Standard AASB119 Employee Benefits*. The plan receives fixed contributions from the University, whereby the University's legal or constructive obligation is limited to these contributions.

As at 30 June 2007 the assets of the DBP in aggregate were estimated to be \$1,683 million in excess of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of CPI indexed pensions being provided by the DBP.

As at 30 June 2007 the assets of the DBP in aggregate were estimated to be \$2,587 million in excess of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and CPI indexed pensioners which arise from membership of UniSuper up to the reporting date.

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary, Russell Employee Benefits Pty Ltd; using the actuarial demographic assumptions outlined in their report dated 13 July 2006, on the actuarial investigation of the DBP as at 31 December 2005. The financial assumptions used were:

	<u>Vested benefits</u>	<u>Accrued benefits</u>
Gross of tax investment return	7.0% p.a.	8.3% p.a.
Net of tax investment return	6.5% p.a.	7.8% p.a.
Consumer Price Index	2.5% p.a.	2.5% p.a.
Inflationary salary increases long term	3.5% p.a.	3.5% p.a.
Inflationary salary increases next three years (additional promotional salary increases are assumed to apply based on past experience)	5.0% p.a.	5.0% p.a.

Assets have been included at their net market value, i.e. allowing for realisation costs.

**Victorian State Superannuation Fund (Refer Note 1(q))**

Deakin University has a number of present and former staff who are members of the Victorian State Superannuation Fund and in respect of whom defined benefits are payable on termination of employment. As at 30 June 2007, the Victorian State Superannuation Fund was carrying total liabilities for member benefits in excess of the value of the fund's assets. Hence, unfunded superannuation liabilities exist which are recognised in the financial statements of the fund. The notional share of this public sector employee superannuation fund's unfunded liabilities attributable to Deakin University, as assessed by the fund as at 30 June 2007, amounted to \$147,449,000 (2006 - \$160,207,000). Unfunded liabilities are met by the Australian Government.

	<u>Consolidated</u>		<u>University</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>
Amounts receivable from Australian Government				
Receivable within 12 months	13,617	12,276	13,617	12,276
Receivable later than 12 months	133,832	147,931	133,832	147,931
<b>Total</b>	<b>147,449</b>	<b>160,207</b>	<b>147,449</b>	<b>160,207</b>
Unfunded superannuation liability				
Payable within 12 months	13,617	12,276	13,617	12,276
Payable later than 12 months	133,832	147,931	133,832	147,931
<b>Total</b>	<b>147,449</b>	<b>160,207</b>	<b>147,449</b>	<b>160,207</b>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	<i>Consolidated</i>		<i>University</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
<i>Note</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
<b>18. COMMITMENTS</b>				
<b>Capital commitments</b>				
At the reporting date the following contracts for capital expenditure had been entered into:				
Within one year	10,949	16,590	10,949	16,590
Later than one year and not later than five years	1,830	1,026	1,830	1,026
Later than five years	-	24	-	24
	<b>12,779</b>	<b>17,640</b>	<b>12,779</b>	<b>17,640</b>
<b>Other expenditure commitments</b>				
At the reporting date the following contracts for other expenditure had been entered into:				
Within one year	1,482	1,356	1,415	1,356
Later than one year and not later than five years	1,118	2,510	1,118	2,510
	<b>2,580</b>	<b>3,866</b>	<b>2,533</b>	<b>3,866</b>
<b>Operating leases</b>				
At the reporting date the following obligations under operating leases, which are not shown as liabilities, were in effect:				
Within one year	4,394	4,552	4,260	4,355
Later than one year and not later than five years	3,415	3,500	3,338	3,399
	<b>7,809</b>	<b>8,052</b>	<b>7,598</b>	<b>7,754</b>
<b>19. CONTINGENCIES</b>				
There are no contingent liabilities at balance date.				

20. KEY MANAGEMENT PERSONNEL DISCLOSURES

**Name of Responsible Persons**

University

For the purposes of the *Victorian Financial Management Act 1994*, the Victorian Minister of Skills and Workforce Participation, Hon. Jacinta Allan MP and members of the University Council are the responsible persons of the University. The relevant remuneration of the Minister is included in the financial statements of the Victorian Department of Premier and Cabinet. Members of the University Council received no remuneration for services rendered as members of Council. Council members during 2007 were Mr DM Morgan (Chancellor), Professor SA Walker (Vice-Chancellor), Mr AJ Kloeden, Ms ML Edmond, Mr JD Maddock, Mr AE Fairley, Ms S De Gilio, Mr MJ Dowling, Ms JM Lightowers, Professor CN Gray, Mr JG Nicol, Professor F Stagnitti, Ms JA Ward, Ms JA Crowe, Professor G Stokes, Mr NT Millen, Dr PC Turner, Mr DL Hauenstein, Mr PJ Meehan, Ms N Khalifa, Ms NM Springle and Mr MI Khan.

Subsidiaries

Mr NA Osborne, Mr DN Edwards, AM, Mr LD Mackay, Dr MD Stokie, and Mr JH Cauberg.

**Names of Executive Officers**

University

Professor JE Beaumont, Professor CJ Bigum, Professor JC Catford, Professor PH Clarke, Mr GA Dennehy, Professor AM Flitman, Professor SJ Grundy, Dr I Irvine, Ms LM Martin, Professor J Rosenberg, Professor DM Stokes, Professor RL Wallis, Professor CN Gray, Mr KJ Selway and Mr A Walters.

Subsidiaries

Ms TM Price, Ms JE Scott, Mr M Estcourt, Mr FD Shrimpton and Mr P Langkamp.

**RESPONSIBLE PERSONS REMUNERATION**

Remuneration received or due and receivable from the University and its subsidiaries by the responsible persons

Base remuneration  
Bonuses  
Total remuneration

	<i>Consolidated</i>		<i>University</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
	1,142	980	1,127	964
	98	65	98	65
	<b>1,240</b>	<b>1,045</b>	<b>1,225</b>	<b>1,029</b>

Number of responsible persons whose remuneration from the University and its subsidiaries were within the following bands:

	<i>Consolidated</i>		<i>University</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
Nil to \$9,999	16	17	16	15
\$10,000 to \$19,999	1	1	-	-
\$60,000 to \$69,999	1	-	1	-
\$70,000 to \$79,999	-	1	-	1
\$80,000 to \$89,999	1	-	1	-
\$100,000 to \$109,999	1	1	1	1
\$110,000 to \$119,999	1	-	1	-
\$130,000 to \$139,999	-	1	-	1
\$150,000 to \$159,999	-	1	-	1
\$160,000 to \$169,999	1	-	1	-
\$560,000 to \$569,999	-	1	-	1
\$690,000 to \$699,999	1	-	1	-

There were no other transactions with responsible persons or related parties.

20. EXECUTIVE OFFICERS REMUNERATION (CONTINUED)

	<i>Consolidated</i>		<i>University</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
Number of executive officers whose remuneration from the University and its subsidiaries were within the following bands				
\$100,000 to \$109,999	-	1	-	1
\$110,000 to \$119,999	1	-	1	-
\$120,000 to \$129,999	1	-	-	-
\$130,000 to \$139,999	1	-	1	-
\$140,000 to \$149,999	1	-	1	-
\$150,000 to \$159,999	-	1	-	-
\$160,000 to \$169,999	-	2	-	-
\$180,000 to \$189,999	1	-	-	-
\$190,000 to \$199,999	2	-	-	-
\$210,000 to \$219,999	1	3	1	3
\$220,000 to \$229,999	1	-	1	-
\$230,000 to \$239,999	-	2	-	2
\$240,000 to \$249,999	1	-	1	-
\$250,000 to \$259,999	2	1	2	1
\$280,000 to \$289,999	2	1	2	-
\$290,000 to \$299,999	2	-	2	-
\$300,000 to \$309,999	-	2	-	2
\$320,000 to \$329,999	-	1	-	1
\$330,000 to \$339,999	1	1	1	1
\$340,000 to \$349,999	-	1	-	1
\$360,000 to \$369,999	1	-	1	-
\$440,000 to \$449,999	1	-	-	-
\$520,000 to \$529,999	-	1	-	1

Includes all non-cash benefits and payments to staff who have terminated employment with the University.

Remuneration received or due and receivable from the University and its controlled entities by executive officers whose remuneration exceeded \$100,000

	<i>Consolidated</i>		<i>University</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
Base remuneration	4,317	3,613	3,289	3,004
Bonuses	298	327	181	257
Termination payments	-	442	-	354
<b>Total remuneration</b>	<b>4,615</b>	<b>4,382</b>	<b>3,470</b>	<b>3,615</b>
<b>Executive Officers Compensation</b>				
Short term employee benefits	4,583	3,795	3,438	3,147
Other long term benefits	32	145	32	114
Termination benefits	-	442	-	354
	<b>4,615</b>	<b>4,382</b>	<b>3,470</b>	<b>3,615</b>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	<i>Consolidated</i>	
	<b>2007</b>	<b>2006</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>21. REMUNERATION OF AUDITORS</b>		
Amounts received, or due and receivable, by the auditors for: Auditing the accounts and consolidated accounts of Deakin University and the accounts of each of its subsidiaries Auditor-General of Victoria		
- Deakin University	100	83
- Subsidiaries	32	28

**22. SUBSIDIARIES**

The *Deakin University Act 1974*, Section 34 permits the University to form limited liability companies. At the reporting date the University controlled the following entities:

Entity	Country of incorporation	Principal activity	Ownership interest	
			2007	2006
The Australian Professional Associations Service Company Pty Ltd	Australia	Professional Association for Human Resources Managers	100%	100%
Callista Software Services Pty Ltd	Australia	Computer software services	100%	100%
Canopi Network Pty Ltd	Australia	Service company	100%	100%
Unilink Limited	Australia	Provision of resource services to Deakin University	100%	100%
Deakin Nominees Pty Ltd	Australia	Non operating	100%	n/a

The financial statements of the subsidiaries have been audited by the Auditor-General of Victoria.

**Income Statement**

Entity	Total Revenue		Total Expenditure		Net Profit/(Loss) after Tax Expense	
	2007	2006	2007	2006	2007	2006
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
The Australian Professional Associations Service Company Pty Ltd	249	10,244	115	7,488	94	2,756
Callista Software Services Pty Ltd	11,409	10,562	10,512	11,176	897	(614)
Canopi Network Pty Ltd	9,925	7,322	9,910	7,245	(2)	54
Unilink Limited	7,213	7,363	7,213	7,363	-	-
	<b>28,796</b>	<b>35,491</b>	<b>27,750</b>	<b>33,272</b>	<b>989</b>	<b>2,196</b>

**Balance Sheet**

**(a) Assets**

Entity	Note	Current Assets		Non-Current Assets		Total Assets	
		2007	2006	2007	2006	2007	2006
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
The Australian Professional Associations Service Company Pty Ltd	(a)	3,951	4,072	-	-	3,951	4,072
Callista Software Services Pty Ltd	(b)	5,836	4,689	51	58	5,887	4,747
Canopi Network Pty Ltd	(c)	6,624	4,275	-	-	6,624	4,275
Unilink Limited	(d)	760	845	-	-	760	845
		<b>17,171</b>	<b>13,881</b>	<b>51</b>	<b>58</b>	<b>17,222</b>	<b>13,939</b>



22. SUBSIDIARIES (CONTINUED)

(b) Liabilities

Entity	Current Liabilities		Non-Current Liabilities		Total Liabilities	
	2007	2006	2007	2006	2007	2006
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
The Australian Professional Associations Service Company Pty Ltd	44	258	-	-	44	258
Callista Software Services Pty Ltd	2,725	2,497	198	184	2,923	2,681
Canopi Network Pty Ltd	4,588	2,218	2,000	2,000	6,588	4,218
Unilink Limited	704	779	56	66	760	845
	<b>8,041</b>	<b>5,752</b>	<b>2,254</b>	<b>2,250</b>	<b>10,295</b>	<b>8,002</b>

(c) Equity and Borrowings

Entity	Equity		Internal Borrowings		External Borrowings	
	2007	2006	2007	2006	2007	2006
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
The Australian Professional Associations Service Company Pty Ltd	3,907	3,814	-	-	-	-
Callista Software Services Pty Ltd	2,984	2,066	-	-	-	10
Canopi Network Pty Ltd	56	57	-	-	-	-
Unilink Limited	-	-	-	-	-	-
	<b>6,927</b>	<b>5,937</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>

(a) Current assets includes an amount owing by Deakin University of \$3,951,367 (2006 - \$3,068,877).

(b) Current assets includes an amount owing by Deakin University of \$2,773,015 (2006 - \$4,161,013).

(c) Current assets includes an amount owing by Deakin University of \$3,213,339 (2006 - \$336,026).

(d) Current assets includes an amount owing by Deakin University of \$759,586 (2006 - \$0).

Australian Human Resources Institute Pty Ltd changed its name during the prior year to The Australian Professional Associations Service Company Pty Ltd. The total business of The Australian Professional Associations Service Company Pty Ltd was sold on 16 October 2006 for a profit of \$2,227,404.

23. DISCONTINUED OPERATIONS

The total operation of The Australian Professional Associations Service Company Pty Ltd was sold on 16 October 2006.

	Consolidated	
	2007	2006
	\$000's	\$000's
<b>Net result from discontinued operations:</b>		
Revenue	-	8,017
Expenses	-	7,488
Net Profit	-	529
Gain on disposal of discontinued operation	-	2,227
Net result from discontinued operation before tax	-	2,756
Income tax benefit	-	-
<b>Net result after income tax</b>	<b>-</b>	<b>2,756</b>
<b>Cash Flows from discontinued operations</b>		
Net cash outflow from operating activities	-	(1,445)
Net cash inflow from investing activities	-	2,360
Net cash flows from financing activities	-	-
Net cash inflow/(outflow)	-	915

## 24. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and price risk), credit risk and liquidity risk. Financial risk management is overseen by the Audit and Risk Committee under policies approved by the Council. The Audit and Risk Committee provides advice to Council on the Group's accounting, control and reporting practices and the management of corporate assets and risks. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing analysis for credit risk.

### Foreign exchange risk

The Group's foreign exchange is limited. Sources of potential foreign exchange risk may include occasional transactions such as contracts for the supply of goods and services expressed in foreign currency e.g. Library books and journals. The Group ensures that occasional foreign currency commitments are hedged using appropriate hedging instruments.

### Interest rate risk

Investment of surplus funds is monitored by the Investment Advisory Committee. The Committee regularly reviews investment performance against established objectives, advises on proposed policy changes and monitors the asset allocation mix of the investment portfolio. The investment portfolio is constructed to diversify interest rate risk through the use of highly rated 'fund of funds' short term investment products. Borrowings are at fixed interest rates, which eliminate the potential loss resulting from adverse movements in floating market rates.

### Price risk

Financial assets at fair value through profit or loss; in particular Australian and offshore equities, are subject to price risk, with frequent changes in share market valuations. Changes in fair value are recorded through the income statement as they occur. These investments are also monitored by the Investment Advisory Committee. The Committee regularly reviews investment performance against established objectives, advises on proposed policy changes and monitors the asset allocation mix of the investment portfolio. The investment portfolio is constructed to diversify price risk across the various asset classes.

### Credit risk

The Group's maximum exposure to credit risk in relation to each class of financial asset is the carrying amount of those assets as indicated in the balance sheet.

The Group minimises concentrations of credit risk in relation to trade accounts receivable, by undertaking transactions with a large number of customers within different industries. However, the majority of customers are concentrated in Australia.

Credit risk in trade receivables is managed in the following ways:

- payment terms are 30 days;
- debt collection policies and procedures including use of a debt collection agency.

### Liquidity risk

The Group's investments are managed to ensure the solvency of the Group, with cash available to meet required outgoings. The Group maintains a minimum cash level to ensure it meets its obligations as they fall due, and provides a reserve for potential capital contributions to partnerships.

24. FINANCIAL INSTRUMENTS (CONTINUED)

**Fair value estimation**

The aggregate fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date, are as follows:

**Consolidated**

	Total carrying amount as per the Balance Sheet		Aggregate fair value	
	2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's
<i>Financial assets</i>				
Cash at bank and on hand	3,730	4,192	3,730	4,192
Managed fund	40,742	24,764	40,742	24,764
Receivables - Trade Debtors	16,491	17,364	16,491	17,364
Receivables - Other Current	22,723	20,884	22,723	20,884
Receivables - Other Non-Current	133,832	147,931	133,832	147,931
Other financial assets - current	75,060	50,224	75,060	50,224
Other financial assets - non-current	2,299	1,683	2,299	1,683
<b>Total financial assets</b>	<b>294,877</b>	<b>267,042</b>	<b>294,877</b>	<b>267,042</b>
<i>Financial liabilities</i>				
Payables	88,949	67,324	88,935	67,273
Bank overdraft	-	10	-	10
Bank loans	17,217	19,706	18,567	21,648
DEST loan	-	-	-	-
Finance leases	-	-	-	-
Other	69	78	55	62
<b>Total financial liabilities</b>	<b>106,235</b>	<b>87,118</b>	<b>107,557</b>	<b>88,993</b>

The fair value of financial assets and financial liabilities are estimated for recognition and measurement or for disclosure purposes. The following methods and assumptions are used to determine the fair values of financial assets and liabilities.

*Cash and cash equivalents:*

The carrying amount approximates fair value because of their short term to maturity.

*Trade receivables and payables:*

The carrying amount approximates fair value for current receivables and payables.

*Non-current receivables:*

The fair value of non-current receivables is estimated by discounting future receivables to net present value, using discount rates as advised by the Department of Treasury and Finance.

*Other financial assets - current at fair value:*

For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset.

*Other financial assets - non-current:*

For unlisted securities where there is no quoted market price; a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same, or is calculated based on the expected cash flows, or the underlying net asset base of the investment/security.

*Short-term borrowings:*

The carrying amount approximates fair value because of their short term to maturity.

*Long-term borrowings:*

The fair value of long-term borrowings is estimated by discounting future payments to net present value, using the discount rates as advised by the Department of Treasury and Finance.

**24. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Summarised sensitivity analysis**

The following table summarises the sensitivity of the University's financial assets and financial liabilities to interest rate risk and price risk.

**Consolidated**

Financial instruments	2007 \$000's		2006 \$000's		Interest rate risk						Price risk					
					-1%		1%		-5%		5%					
	Result		Equity		Result		Equity		Result		Equity		Result		Equity	
	2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's
<b>(i) Financial assets</b>																
Cash on hand	53	55														
Cash at bank	3,677	4,137	(37)	(41)	37	41	37	41								
Cash Equivalents - Managed fund	40,742	24,764	(407)	(248)	407	248	407	248								
Receivables - Trade Debtors	16,491	17,364														
Receivables - Other Current	22,723	20,884														
Receivables - Other Non-Current	133,832	147,931														
Financial assets at fair value through profit or loss	75,060	50,224	(333)	(138)	333	138	333	138					(1,821)	2,088	1,821	
Other financial assets - non-current	2,299	1,683														
<b>Total financial assets</b>	<b>294,877</b>	<b>267,042</b>	<b>(777)</b>	<b>(427)</b>	<b>777</b>	<b>427</b>	<b>777</b>	<b>427</b>	<b>(427)</b>	<b>(777)</b>	<b>(427)</b>	<b>(777)</b>	<b>(2,088)</b>	<b>2,088</b>	<b>1,821</b>	<b>1,821</b>
<b>(ii) Financial liabilities</b>																
Payables	88,949	67,324														
Bank overdraft	-	10	-	-	-	-	-	-								
Bank loans	17,217	19,706														
Other	69	78														
<b>Total financial liabilities</b>	<b>106,235</b>	<b>87,118</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(427)</b>	<b>(777)</b>	<b>(427)</b>	<b>(777)</b>	<b>(2,088)</b>	<b>2,088</b>	<b>-</b>	<b>-</b>
<b>Total Increase (Decrease)</b>			<b>(777)</b>	<b>(427)</b>	<b>777</b>	<b>427</b>	<b>777</b>	<b>427</b>	<b>(427)</b>	<b>(777)</b>	<b>(427)</b>	<b>(777)</b>	<b>(2,088)</b>	<b>2,088</b>	<b>1,821</b>	<b>1,821</b>

	<i>University only</i>									
	Commonwealth Grants Scheme		Indigenous Support Fund		Equity Support Programme		Disability Support Programme		Workplace Reform Programme	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>25. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE</b>										
<b>25.1 DEEWR - CGS and Other DEEWR Grants</b>										
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	109,826	103,079	1,155	952	354	300	167	143	1,563	1,494
Net accrual adjustments	-	-	-	-	-	-	-	-	-	-
Revenue for the period	109,826	103,079	1,155	952	354	300	167	143	1,563	1,494
Surplus / (deficit) from the previous year	-	-	-	-	-	-	-	-	-	-
Total revenue including accrual revenue	109,826	103,079	1,155	952	354	300	167	143	1,563	1,494
Less expenses including accrual expenses	(109,826)	(103,079)	(870)	(952)	(354)	(300)	(167)	(143)	(1,563)	(1,494)
Surplus / (deficit) for reporting period	-	-	285	-	-	-	-	-	-	-

	University only									
	Workplace Productivity Programme		Learning and Teaching Performance Fund		Capital Development Pool		Superannuation Programme		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>25. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)</b>										
<b>25.1 DEEWR - CGS and Other DEEWR Grants</b>										
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	1,421	890	500	-	2,122	1,065	11,982	11,882	129,090	119,805
Net accrual adjustments	-	-	-	-	-	-	1,318	44	1,318	44
Revenue for the period	1,421	890	500	-	2,122	1,065	13,300	11,926	130,408	119,849
Surplus / (deficit) from the previous year	890	-	-	-	-	-	-	-	890	-
Total revenue including accrual revenue	2,311	890	500	-	2,122	1,065	13,300	11,926	131,298	119,849
Less expenses including accrual expenses	(1,297)	-	(500)	-	(2,122)	(1,065)	(13,300)	(11,926)	(129,999)	(118,959)
Surplus / (deficit) for reporting period	<b>1,014</b>	<b>890</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,299</b>	<b>890</b>

	University only							
	HECS - HELP (Australian Government payments only)		FEE - HELP		Total		OS - HELP	
	2007	2006	2007	2006	2007	2006	2007	2006
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>25. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)</b>								
<b>25.2 Higher Education Loan Programmes</b>								
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	66,219	63,551	21,550	10,148	87,769	73,699	662	263
Net accrual adjustments	1,192	-	-	-	1,192	-	-	-
Revenue for the period	67,411	63,551	21,550	10,148	88,961	73,699	662	263
Surplus / (deficit) from the previous year	-	-	(4,336)	1,641	(4,336)	1,641	13	307
Total revenue including accrual revenue	67,411	63,551	17,214	11,789	84,625	75,340	675	570
Less expenses including accrual expenses	(67,411)	(63,551)	(21,628)	(16,125)	(89,039)	(79,676)	(555)	(557)
Surplus / (deficit) for reporting period	-	-	(4,414)	(4,336)	(4,414)	(4,336)	120	13

	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
			Australian Postgraduate Awards	International Postgraduate Research Scholarships	Commonwealth Education Cost Scholarships	Commonwealth Accommodation Scholarships					Total	
<b>25. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)</b>												
<b>25.3 SCHOLARSHIPS</b>												
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	1,627	1,601	299	327	1,206	848	1,225	899	4,357	3,675		
Net accrual adjustments	-	-	-	-	-	23	-	28	-	51		
Revenue for the period	1,627	1,601	299	327	1,206	871	1,225	927	4,357	3,726		
Surplus / (deficit) from the previous year	337	168	61	34	42	-	59	-	499	202		
Total revenue including accrual revenue	1,964	1,769	360	361	1,248	871	1,284	927	4,856	3,928		
Less expenses including accrual expenses	(1,513)	(1,432)	(324)	(300)	(1,231)	(829)	(1,278)	(868)	(4,346)	(3,429)		
Surplus / (deficit) for reporting period	<b>451</b>	<b>337</b>	<b>36</b>	<b>61</b>	<b>17</b>	<b>42</b>	<b>6</b>	<b>59</b>	<b>510</b>	<b>499</b>		



<i>University only</i>									
	Institutional Grants Scheme		Research Infrastructure Block Grants		Research Training Scheme				
	2007	2006	2007	2006	2007	2006	2007	2006	2006
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>25. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)</b>									
<b>25.4 DEEWR RESEARCH</b>									
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	4,410	4,258	2,270	2,294	9,271	8,920			
Net accrual adjustments	-	-	-	-	-	-			
Revenue for the period	4,410	4,258	2,270	2,294	9,271	8,920			
Surplus / (deficit) from the previous year	-	-	385	-	-	-			
Total revenue including accrual revenue	4,410	4,258	2,655	2,294	9,271	8,920			
Less expenses including accrual expenses	(4,410)	(4,258)	(2,441)	(1,909)	(9,271)	(8,920)			
Surplus / (deficit) for reporting period	-	-	214	385	-	-			

<i>University only</i>										
	Implementation Assistance Programme		Australian Scheme for Higher Education Repositories			Commercialisation Training Scheme			Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>25. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)</b>										
<b>25.4 DEEWR RESEARCH (CONTINUED)</b>										
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	66	-	167	-	88	-	16,272	-	15,472	-
Net accrual adjustments	-	-	-	-	-	-	-	-	-	-
Revenue for the period	66	-	167	-	88	-	16,272	-	15,472	-
Surplus / (deficit) from the previous year	-	-	-	-	-	-	-	-	385	-
Total revenue including accrual revenue	66	-	167	-	88	-	16,657	-	16,657	15,472
Less expenses including accrual expenses	(66)	-	(87)	-	-	-	(16,275)	-	(16,275)	(15,087)
Surplus / (deficit) for reporting period	-	-	80	-	88	-	382	-	382	385

<i>University only</i>						
	Projects		Fellowships		Total	
	2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's	2007 \$000's	2006 \$000's
<b>25. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)</b>						
<b>25.5 AUSTRALIAN RESEARCH COUNCIL GRANTS</b>						
(a) Discovery						
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	2,386	2,015	323	316	2,709	2,331
Net accrual adjustments	-	-	-	-	-	-
Revenue for the period	2,386	2,015	323	316	2,709	2,331
Surplus / (deficit) from the previous year	165	39	68	85	233	124
Total revenue including accrual revenue	2,551	2,054	391	401	2,942	2,455
Less expenses including accrual expenses	(1,720)	(1,889)	(391)	(333)	(2,111)	(2,222)
Surplus / (deficit) for reporting period	<b>831</b>	<b>165</b>	<b>-</b>	<b>68</b>	<b>831</b>	<b>233</b>

	University only							
	Infrastructure		International Researcher Exchange		Projects		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>25. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)</b>								
<b>25.6 AUSTRALIAN RESEARCH COUNCIL GRANTS</b>								
(b) Linkages								
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	520	968	52	21	1,932	1,858	2,504	2,847
Net accrual adjustments	-	-	-	-	-	-	-	-
Revenue for the period	520	968	52	21	1,932	1,858	2,504	2,847
Surplus / (deficit) from the previous year	1,197	290	52	37	693	725	1,942	1,052
Total revenue including accrual revenue	1,717	1,258	104	58	2,625	2,583	4,446	3,899
Less expenses including accrual expenses	(855)	(61)	(104)	(6)	(2,035)	(1,890)	(2,994)	(1,957)
Surplus / (deficit) for reporting period	<b>862</b>	<b>1,197</b>	-	<b>52</b>	<b>590</b>	<b>693</b>	<b>1,452</b>	<b>1,942</b>



## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

### Certification

We, a Member of Council, and the Vice-Chancellor and President, on behalf of the Council of Deakin University and the Chief Financial Officer, state that in our opinion:

- (a) The attached financial statements and notes thereto present fairly the financial position as at 31 December 2007, and the financial performance for the year ended 31 December 2007 of the University and the consolidated group;
- (b) The attached financial statements and notes thereto comply with the *Financial Management Act 1994* and with Australian Accounting Standards, AASB Interpretations, and the requirements of the Department of Education, Employment and Workplace Relations;
- (c) At the date of this certification there are reasonable grounds to believe that the University and the consolidated group will be able to pay its debts as and when they fall due; and
- (d) The amount of Australian Government financial assistance expended during the reporting period was for the purposes for which it was intended and Deakin University has complied with applicable legislation, contracts, agreements and programme guidelines in making expenditure.

In addition, we are not aware at the date of signing these statements of any circumstances, which would render any particulars included in the statements to be misleading or inaccurate.

MR DAVID M. MORGAN  
Chancellor

Date: 20. 3. 08  
Melbourne

PROFESSOR SALLY A. WALKER  
Vice-Chancellor and President

Date: 20. 3. 2008  
Melbourne

MR ANDREW WALTERS  
Chief Financial Officer

20/03/08  
Date:  
Melbourne

## INDEPENDENT AUDITOR'S REPORT

### Deakin University

#### To the Members of the Council, Deakin University

##### *The Financial Report*

The accompanying financial report for the year ended 31 December 2007 of Deakin University which comprises the income statement, statement of changes in equity, balance sheet, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the supporting declaration has been audited. The financial report includes the consolidated financial statements of the economic entity, comprising the Deakin University and the entities it controlled at the year's end or from time to time during the financial year as disclosed in note 22 to the financial statements.

##### *The Members of the Council's Responsibility for the Financial Report*

The Members of the Council of Deakin University are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

##### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University and the consolidated entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Council Members, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Independent Auditor's Report (continued)

### *Matters Relating to the Electronic Presentation of the Audited Financial Report*

This auditor's report relates to the financial statements published in both the annual report and on the website of Deakin University for the year ended 31 December 2007. The Members of the Council of the University are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the University's web site.

### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

### *Qualification*


As disclosed in note 1 to the financial statements, the University and the economic entity changed their accounting policies for the recognition of government research grants. As a consequence, the University and economic entity reported an adjustment to retained surplus and trade & other payables of \$4.6 million as at 1 January 2006, and have recognised government research grants of \$10.5 million as trade & other payables as at 31 December 2007 (\$7.3 million as at 31 December 2006).

As the University and the economic entity effectively controlled these government research grants, they should have been recognised as income when received in accordance with the requirements of AASB 1004 "Contributions". Accordingly, the adjustment of \$4.6 million should not have been recognised as trade & other payables as at 1 January 2006, and as at 31 December 2007 trade & other payables of the University and the economic entity are overstated by \$10.5 million (both overstated by \$7.3 million as at 31 December 2006). In addition, grant income and the net operating result are understated by the University and the economic entity by \$3.2 million for the year ending 31 December 2007 (both understated by \$2.7 million for the year ending 31 December 2006).

### *Qualified Auditor's Opinion*

In my opinion, except for the effect of the financial report of the matter referred to above, the financial report presents fairly, in all material respects, the financial position of Deakin University and the economic entity as at 31 December 2007 and their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE  
20 March 2008

  
D.D.R. Pearson  
Auditor-General

# Compliance index

The annual report of **Deakin University** is prepared in accordance with:

FMA	<i>Financial Management Act 1994</i> (Vic)
FRD	A-IFRS Financial Reporting Directions
SD	Standing Directors of the Minister for Finance issued under the <i>Financial Management Act 1994</i> (Vic)
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ETRA 2006	<i>Education and Training Reform Act 2006</i> (Vic)
PAEC	Decision of Public Accounts and Estimates Committee of Parliament
RUG	Victorian Government response to the Review of University Governance
ESOS	<i>Education Services for Overseas Students Act 2000</i> (Cwlth)
DEEWR	Commonwealth Government Department of Education, Employment and Workplace Relations ( <i>Higher Education Support Act 2003</i> , (Cwlth) <i>Higher Education Funding Act 1988</i> (Cwlth) and the <i>Australian Research Council Act 2001</i> (Cwlth))

This index was prepared to facilitate identification of compliance with statutory disclosure requirements.

No.	Clause	Disclosure	Page(s)
		Transmittal letter	Inside front cover
<b>STANDING DIRECTIONS FOR THE MINISTER FOR FINANCE (SD)</b>			
1	SD 4.2(g)	Report of Operations contains general information about the entity and its activities, highlights for reporting period and future initiatives and is prepared on a basis consistent with financial statements pursuant to the Financial Management Act, 1994.	1–113
2	SD 4.2(h)	Report of Operations is prepared in accordance with Financial Reporting Directions	1–65
3	SD 4.2(j)	Report of Operations is signed and dated by Chancellor or equivalent and includes date of Council Meeting at which Annual Report was approved	transmittal letter, 50
4	SD 4.2(a)	Financial Statements are prepared in accordance with: <ul style="list-style-type: none"> <li>• Australian Accounting Standards (AAS and AASB standards) and other mandatory professional reporting requirements</li> <li>• Financial Reporting Directions</li> <li>• Business Rules</li> </ul>	72–77, 111–113
5	SD 4.2(b)	Financial Statements available, including: <ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Recognised Income and Expense</li> <li>• Cash Flows Statement</li> <li>• Notes to the financial statements</li> </ul>	69–110
6	SD 4.2(c)	Signed and dated statement by Accountable Officer stating that financial statements: <ul style="list-style-type: none"> <li>• Present fairly the financial transactions during reporting period and the financial position at end of the period</li> <li>• Were prepared in accordance with Standing Direction 4.2 (c) and applicable Financial Reporting Directions</li> <li>• Comply with applicable Australian Accounting Standards (AAS and AASB standards) and other mandatory professional reporting requirements</li> </ul>	111



<b>7</b>	SD 4.2(d)	Financial Statements are expressed in the nearest dollar except where the total assets, or revenue, or expenses of the institution are greater than: <ul style="list-style-type: none"> <li>• \$10,000,000, the amounts shown in the financial statements may be expressed by reference to the nearest \$1,000</li> <li>• \$1,000,000,000, the amounts shown in the financial statements may be expressed by reference to the nearest \$100,000</li> </ul>	72
<b>8</b>	SD 4.2(e)	The financial statements were reviewed and recommended by the Audit Committee or Responsible Body prior to finalisation and submission	111

#### **A-IFRS FINANCIAL REPORTING DIRECTIONS (FRD)**

<b>9</b>	FRD 10	Disclosure Index	114–116
<b>10</b>	FRD 11	Disclosure of Ex-gratia Payments	96–97
<b>11</b>	FRD 07A	Early Adoption of Authoritative Accounting Pronouncements	n/a
<b>12</b>	FRD 17A	Long Service Leave Wage Inflation and Discount Rates	91
<b>13</b>	FRD 19	Private Provision of Public Infrastructure	n/a
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<b>16</b>	FRD 25	Victorian Industry Participation Policy in the Report of Operations	n/a
<b>17</b>	FRD 26A	Accounting for VicFleet Motor Vehicle Lease Arrangements on or after 1 February 2004	n/a
<b>18</b>	FRD 102	Inventories	73
<b>19</b>	FRD 104	Foreign currency	73
<b>20</b>	FRD 106	Impairment of assets	75
<b>21</b>	FRD 107	Investment properties	n/a
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<b>24</b>	FRD 112A	Defined benefit superannuation obligations	94
<b>25</b>	FRD 113	Investments in Subsidiaries, Jointly Controlled Associates and Entities	98–99
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#### **DEPARTMENT OF EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS (DEEWR)**

<b>27</b>	FRD 22B DEEWR	Analysis of the achievement of the entity's operational and budget objectives for the financial year; should include comparative analysis of indicators such as enrolments, graduations, student performance and satisfaction, staff profile, research performance and performance position	4–39
<b>28</b>	DEEWR	Information with respect to the governance and administrative structure of the university, specifically council members and occupants of senior officers.	40–65
<b>29</b>	DEEWR	Outline of student and staff grievance procedures and number of complaints made to and investigated by the Ombudsman	63–64
<b>30</b>	DEEWR	Details of information available on institution's website, including locations of current and previous Annual Reports	65
<b>31</b>	DEEWR	Compliance of financial statements with the Financial Statement Guidelines for Australian Higher Education Providers for 2007 Reporting Period issued by DEEWR.	72, 111

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**FINANCIAL MANAGEMENT ACT 1994 (FMA)**

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FMA 1994	Financial Statements:	
<b>32</b>	49(a) • Contain such information as required by the Minister	67–113
<b>33</b>	49 (b) • Are prepared in a manner and form approved by the Minister	67–113
<b>34</b>	49 (c) • Present fairly the financial transactions of the department or public body during the relevant financial year to which they relate	67–113
<b>35</b>	49 (d) • Present fairly the financial position of the department or public body as at the end of that year	67–113
<b>36</b>	49 (e) • Are certified by the accountable officer in the manner approved by the Minister	111

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**GOVERNMENT RESPONSE TO THE REVIEW OF UNIVERSITY GOVERNANCE (RUG)**

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<b>37</b>	RUG Statement outlining that public funds allocated to the University have been allocated to the purposes specified by the Government or other public funding body. Statement is audited by the Auditor-General.	37
<b>38</b>	RUG University Council's risk management strategy	58–60
<b>39</b>	RUG Summary of financial performance of Associates and Commercial Ventures	98–99

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**EDUCATIONAL SERVICES FOR OVERSEAS STUDENTS ACT 2000 (ESOS)**

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<b>40</b>	ESOS Statement indicating compliance with ESOS Act 2000 and the National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students (National Code 2007) – Sections C & D)	61
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**EDUCATION AND TRAINING REFORM ACT 2006 (ETR)**

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<b>41</b>	ETRA 2006, s. 3.2.8 Statement on compulsory non-academic fees, subscriptions and charges payable in the preceding financial year.	37
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## **Deakin University**

### **Geelong Campus at Wairn Ponds**

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Phone: (03) 5227 1100  
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Fax: (03) 5227 8188

### **Melbourne Campus at Burwood**

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Fax: (03) 9808 9497

### **Melbourne Campus at Toorak**

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**Website: [www.deakin.edu.au](http://www.deakin.edu.au)**

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DEAKIN UNIVERSITY